STRENGTH

STRENGTH IN LEADERSHIP

TRICAN
WELL SERVICE LTD.

2008 ANNUAL REPORT

CORPORATE PROFILE

Trican is a multinational provider of a comprehensive array of specialized products, equipment and services used during the exploration and development of oil and gas reserves.

Since its initial public offering in December 1996, Trican has invested over $1 billion expanding its operating fleet and capabilities and making strategic acquisitions. As a result of its aggressive expansion program, Trican has evolved from a regional supplier of cementing services to one of the world's largest pressure pumping companies.

Headquartered in Calgary, Alberta, Canada, Trican provides services to customers in Canada, Russia, Kazakhstan, the United States and Algeria.

Through its operating divisions, Trican competes in the major sectors of the oilfield pressure pumping industry, which include coiled tubing, fracturing, nitrogen pumping, cementing and acidizing services. Trican's shares trade on The Toronto Stock Exchange under the symbol "TCW".

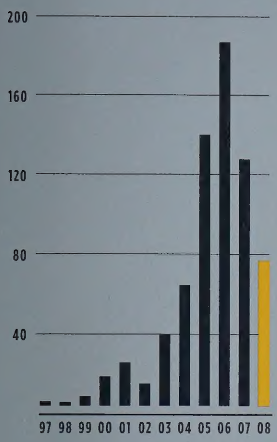
NOTICE OF ANNUAL MEETING

Trican is pleased to invite its shareholders and other interested parties to the Company's Annual Meeting at 2:00 p.m. on May 13, 2009, in the Metropolitan Centre, 333-4th Avenue S.W. Calgary, Alberta.

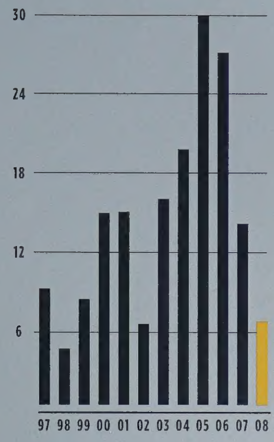
ANNUAL FINANCIAL STATEMENTS AND MD&A

For further information on Trican's 2008 financial results, please refer to Trican's financial statements and Management's Discussion and Analysis (MD&A) for the years ended December 31, 2008 and 2007 available on SEDAR at www.sedar.com or our website at www.trican.ca.

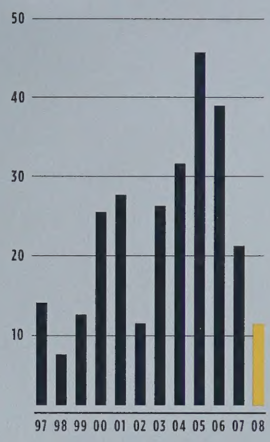
CONTENT



Net Income[1]
($ Millions)



Return On Assets[1]
(%)



Return On Equity[1]
(%)

1 Amounts are presented using adjusted net income, which excludes the following non-cash expenses net of tax: goodwill impairment, other asset impairment, intangible asset impairment and stock based compensation expense. For a reconciliation of adjusted net income to net income for GAAP purposes, please refer to our 2008 MD&A filed on SEDAR.

FINANCIAL SUMMARY ($ thousands, except per share amounts and operational information)

	2008	2007	Change	% Change
Revenue	1,016,083	836,373	179,710	21%
Net (loss) income	(70,398)	111,817	(182,215)	-163%
Adjusted net income	73,278	124,547	(51,269)	-41%
Adjusted earnings per share:				
(Basic)	$ 0.59	$ 1.03	$ (0.44)	-43%
(Diluted)	$ 0.58	$ 1.01	$ (0.43)	-43%
Funds provided by operations	167,174	131,755	35,419	27%
Capital expenditures	124,383	160,178	(35,795)	-22%
Long-term debt (excluding current portion)	242,460	188,810	53,650	28%
Shareholders' equity	719,541	683,669	35,872	5%
Average shares outstanding (Basic)	124,726	120,724	4,002	3%
Average shares outstanding (Diluted)	125,606	123,493	2,113	2%
Shares outstanding at year end	125,563	122,450	3,113	3%

OPERATIONAL INFORMATION (unaudited)

Canadian operations				
Number of jobs completed	23,621	22,768	853	4%
Revenue per job	23,051	20,427	2,624	13%
Russian operations				
Number of jobs completed	2,977	2,046	931	46%
Revenue per job	99,520	126,467	(26,947)	-21%
United States operations				
Number of jobs completed	1,648	794	$ 854	108%
Revenue per job	100,792	133,040	(32,248)	-24%

On behalf of the employees and Board of Directors of Trican Well Service Ltd., I am very pleased to report on the 2008 financial and operational results for our company. 2008 was an important year for Trican as we strengthened our market position on two continents. We established a leading presence in North American unconventional gas and oil plays, and solidified our status as the largest fracturing company in Russia. By pursuing our strategy with discipline in 2008, we have positioned Trican to successfully weather the weakening business environment.

MURRAY L. COBBE
President and Chief Executive Officer

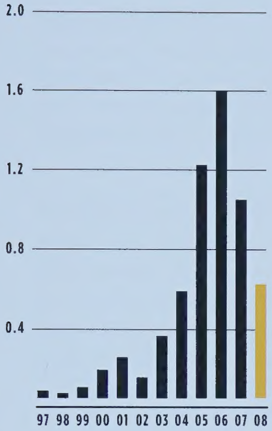
Strength

The financial crisis and resulting economic recession has created an expectation in the marketplace of considerable reductions in global oilfield activity during 2009. Industry watchers are predicting that 2009 will experience substantial declines in global oilfield activity. Although the magnitude of the decline is debatable, there is no question that a slowdown is underway and that it will have a negative financial impact during 2009.

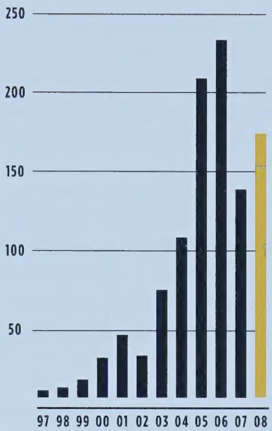
During difficult economic times, one of a company's most important qualities is a strong management team with meaningful experience. Trican's seasoned senior executive leadership combined with proven and respected management teams in Canada, Russia and the United States deliver steadfast leadership. Our team has managed through many previous down cycles with a focus on preserving balance sheet flexibility and effectively positioning the company for future growth opportunities as the economy turns around.

Another quality necessary to weather the difficult economic times is strong operational expertise that earns the respect of customers. At Trican, we provide innovative technical solutions that effectively address our customers' challenges. This approach has enabled us to establish strong market positions in the three largest pressure pumping markets in the world. Continued emphasis on operational and technical leadership will assist us in maintaining and enhancing our market positions in Canada, Russia and the United States during the economic downturn.

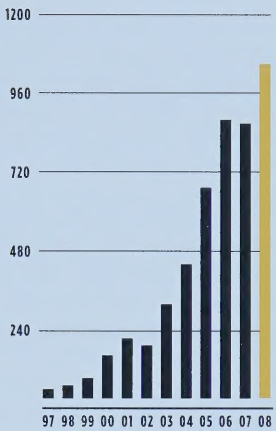
Balance sheet strength is also critical during difficult economic times. Trican has consistently maintained a strong balance sheet throughout its history. Trican has a cash and available debt position of approximately $91 million and conservative balance sheet ratios with a long-term debt to equity ratio of 0.3 times. As we have been in the past, we are focused on preserving Trican's balance sheet by maximizing our available debt and cash balances. To maximize the company's free cash flow during 2009, we have implemented cost cutting measures and meaningfully reduced our capital program. We are prepared to undertake further prudent measures to ensure that during the economic recession, we maintain Trican's strong balance sheet and position the company for future growth.



Adjusted Earnings Per Share
($)



Funds From Operations
($Millions)



Revenue
($Millions)

2008 in Review

Canadian Operations

The year started off with expectations for weak industry activity levels primarily due to low natural gas prices and the impact of the unfavourable royalty changes introduced by the Alberta government. We expected Canadian operations to see a decline in activity levels and a corresponding reduction in financial results relative to 2007.

In fact, the Canadian operations delivered moderate improvements in all key financial results in 2008, due to a significant increase in unconventional gas and oil activity and a strong natural gas price environment through the first three quarters of the year.

Our focus in our Canadian operations during 2008 was to solidify our strong market position in the unconventional gas and oil plays in the Western Canadian Sedimentary Basin (WCSB). This focus on unconventional plays fits well with the company's technical strength and our approach of working with our customers to find innovative operational solutions to the challenges that arise in the more technical basins in the world.

Our 2008 operating and financial results in Canada demonstrate our strong capabilities in executing our customers' unconventional job programs. We invested significantly in the infrastructure and horsepower required to perform large scale work programs in the Montney and Horn River unconventional gas plays and the Bakken unconventional oil play. In 2008, our Canadian operations team established a leading market position in the unconventional gas and oil plays in the WCSB. I believe our position will help to mitigate the financial impact of the economic recession on the Canadian operations and will provide us with a strong platform to service our customers when activity increases in the future.

Russian Operations

Our Russian operations started the year by continuing the geographic and service line expansion initiated during 2007. This expansion was successful from an operational perspective, as our expanded offering met good customer demand during the year. 2008 revenue increased 15 per cent relative to 2007, and we achieved our objective of further diversifying the sales mix. Revenue from the cementing, coiled tubing, nitrogen and acid service lines in Russia almost doubled relative to 2007.

Unfortunately, we saw weaker financial results from the Russian operations during 2008 with operating income decreasing 11 per cent relative to 2007. Equipment utilization was strong during the year with the job count increasing 52 per cent compared to 2007; however, flat pricing as a result of a competitive bidding environment combined with domestic inflation to negatively impact the operating income margins. The Russian management team undertook a comprehensive cost control program focused on personnel, administrative and infrastructure costs that increased operating income margins from just over 10 per cent during the 2008 first quarter to almost 20 per cent during the 2008 third and fourth quarters.

The year was successful from an operational perspective as the significant geographic and service line expansion undertaken over the past few years was solidified during 2008. While financial results did not meet our expectations, the success of the cost control programs initiated during the second quarter and the resulting improvement in financial results during the last half of the year gives me optimism for the future of this business. Overall, I am pleased with the strengthened market presence of the Russian operations during 2008.

United States Operations

2008 did not start well for our US operations, with financial results reflecting the impact of the fracturing sand supply disruption. This disruption was resolved during the first quarter and financial results for the remainder of the year improved substantially, as we rebuilt market share in this highly competitive and price sensitive market. Revenue increased 57 per cent relative to 2007 with almost all of the increase coming during the last half of the year. Operating income decreased 32 per cent compared to 2007 primarily as a result of insufficient sand supplies during the first quarter and the financial impact of the rebuilding process during the remaining three quarters of the year.

Resolving the sand supply disruption allowed our US operations to re-establish their market presence in the Barnett shale play and to expand and solidify their market presence in the Haynesville, Fayetteville and Woodford shale plays in east Texas, Arkansas and Oklahoma. I am pleased with the progress made by our US management team during 2008, as our solid market position in these important US shale gas plays will serve us well during 2009 and beyond.

Algerian Operations

Trican entered the Algerian market late in 2007 under a multi-year contract with one customer in Algeria. However, our Algerian operations did not start up as we had anticipated during 2008, due to the financial challenges of our customers, numerous bureaucratic delays and other challenges. The year can best be summarized as a period of building a platform for growth within Algeria and broadening the company's customer base. We remain committed to the Algerian market as one of our long term strategic growth opportunities. We continue to build our presence in the country, and we anticipate the operating and financial results to gradually improve during 2009.

Outlook

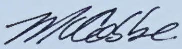
The impact of the financial crisis and worldwide economic recession has reduced demand for oil and natural gas, resulting in a considerable reduction in current and forecast oil and gas prices. The fall in commodity prices has reduced our customers' 2009 cash flow expectations and impacted their ability to access debt and equity financing. We therefore expect a sharp reduction in demand for our services in 2009 across all of our operating regions.

We anticipate the reduction in demand for our services to increase industry competitiveness and put downward pressure on the job count and pricing in each of our geographic regions. As a result, we expect substantial downward pressure on our operating margins during 2009. A significant portion of the cost structure in each geographic region is variable in nature and will naturally reduce with a decrease in job count. Even so, we anticipate that pricing declines and fixed costs will negatively impact each geographic region's operating income as a percentage of revenue.

We have closely monitored the financial crisis and economic recession and its impact on our operations and financial position. Our management team has proactively reacted to its impact by implementing cost cutting measures throughout our organization and significantly reducing our capital expenditure program. We will continue to monitor the impact of the economic recession on our operations and we are committed to appropriately adjusting our cost structure to the level of work expected in the near term while preserving our ability to capitalize on long term growth opportunities. I expect Trican's strong and experienced management team, operational and technical expertise and strong balance sheet will result in successfully managing through the downturn by maintaining our uncompromising focus on effectively servicing our customers' current and future needs.

I would like to thank our employees for the hard work and dedication they have consistently demonstrated during 2008 and throughout Trican's history. These attributes will be essential to Trican successfully managing through these challenging times.

On behalf of the Board of Directors,



MURRAY L. COBBE
President and Chief Executive Officer

March 4, 2009

Trican provides a comprehensive array of specialized products, equipment and services that are used during the exploration and development of oil and gas reserves.

Headquartered in Calgary, Alberta, Canada, Trican has operations in Canada, Russia, Kazakhstan, the United States and Algeria. The Canadian operations provide services to customers across the entire Western Canadian Sedimentary Basin (WCSB). Trican conducts its Russian operations through bases in western and eastern Siberia and Kyzylorda, Kazakhstan. Trican's base in Algeria is in Hassi Messaoud. Trican's U.S. operations are run through bases situated in North and East Texas, Arkansas and western Oklahoma.

Canadian Operations

In Canada, Trican caters to the major sectors of the oilfield pressure pumping services industry. Services to our customers include: cementing; fracturing; including coalbed methane (CBM) services; coiled tubing; nitrogen; acidizing; geological services; and industrial services. We offer these services to customers from operations bases located across the WCSB. A more detailed description of these services can be found at our website: www.trican.ca.

Trican's services are heavily used during the drilling and completion of oil and gas wells. In 2008, the Canadian market underwent significant changes with the emergence of shale gas plays throughout the WCSB. Activity and revenue in Trican's Well Service Division has typically been directly proportional to the number of wells drilled in the basin. In 2008, however, we saw a divergence from this trend with the emergence of shale gas and horizontal drilling. The increase in shale gas drilling in Canada has had a positive impact on our fracturing, coiled tubing and geological service lines in particular.

Most shale gas reservoirs are developed using horizontal wells, which must be fractured several times along the horizontal length to achieve commercial gas rates. On average, each horizontal well is fractured eight times. The fracturing treatments on these wells are usually much larger than conventional treatments, requiring larger fracturing crews and using significantly higher hydraulic horsepower (HHP) per crew, which drives higher revenue per job. Equipment utilization rates also tend to improve with horizontal wells, as the equipment will remain on the same well until all fracturing treatments are completed. In some cases, the fracturing treatments are performed one after the other with no break between fracturing jobs. On larger jobs, however, the interval between treatments ranges between four hours and one day.

Horizontal wells also have a significant impact on our coiled tubing service line as coiled tubing is the preferred technology for working on these wells. Coiled tubing is used during fracturing operations to clean out the well before and after fracturing, to lift fluid from the wellbore and to drill out plugs and other tools that are left in the well following the completion of the fracturing treatments.

Trican's geological services (CBM Solutions) also benefit from increased shale gas activity in the WCSB. Our geological services are provided by individuals who are experts in the analysis of core from shale and coalbed methane wells. The data generated by this division is used to provide our customers with reservoir information and enhance fracturing treatment designs.

The number of wells drilled in Canada is a function of oil and natural gas prices and, in particular, natural gas prices since most new wells drilled in Canada are natural gas wells. The price of gas fluctuated considerably in 2008, reaching an average high of $11.47 US/MMBTU (NYMEX) in the second quarter and an average low of $6.40 US/MMBTU (NYMEX) in the fourth quarter. The number of wells drilled in Canada over the year roughly followed commodity prices with a high drilling level in the first three quarters of the year and a reduced amount of drilling in the fourth quarter. The final well count for 2008 totaled 17,043 which represented an eight per cent drop from the 18,542 wells drilled in 2007[1].

Prior to the emergence of shale gas, this drop in well count would likely have resulted in a parallel decline in Trican's Canadian revenue. This is no longer the case. Trican's strength in the shale gas plays resulted in a 17 per cent increase in revenue from Canadian operations. This increase was primarily a result of larger job sizes and increased revenue per job in our fracturing division. In the fourth quarter of 2008, revenue per fracturing job increased 95 per cent year over year. In 2008, Trican completed 524 per cent more fracturing jobs on horizontal wells than in 2007. 32 percent of all proppant pumped by Trican in Canada was into shale gas wells. Trican's strong position in the shale gas plays and in the deeper parts of the basin also drove an increase in the number of jobs completed, in spite of a reduction in the number of wells drilled by the industry. Countering the eight per cent drop in total wells drilled, Trican's Canadian job count increased by four per cent. Operating income from our Canadian region rose to 127 million representing a 10 per cent increase over 2007, however, operating income as a percentage of revenue dropped from 24.4 per cent in 2007 to 22.9 per cent in 2008, largely due to higher discounts and competitive pricing.

1 PSAC 2009 Canadian Drilling Activity Forecast – January Forecast

The key priority for our Canadian operations in 2008 was to improve pricing. The beginning of 2008 found the oilfield service industry in a low price environment as a result of the slow activity experienced in late 2007. 2008 first quarter operating income was down 43 per cent year over year and discounts off our price book were 10.3 per cent higher than in the prior year. Pricing improved throughout the year and, in the fourth quarter, discounts off our price book were only 0.7 per cent higher than the prior year. Furthermore, in November of 2008, the Company was able to introduce a new price book with an overall price increase of approximately 10 per cent. Our Canadian management team made significant progress on pricing and as a result, operating income in the fourth quarter of 2008 was 101 per cent higher than the prior year's fourth quarter. Operating income as a percentage of revenue also rose to 26.7 per cent in the final quarter of 2008, up from 23.3 per cent a year earlier.

Trican maintains the dominant market position within the shale gas plays in the WCSB. Approximately 68 per cent of our fracturing HHP will be utilized on shale wells in the winter of 2008/2009. We operate 18 fracturing crews and 158,000 HHP which is approximately 23 per cent of the HHP in Canada. Trican also has the largest fleet of deep coil units in Canada. Having the largest equipment base is a key strategic advantage when working on shale gas projects and provides a solid base for continued growth. A complete listing of Trican's Canadian equipment can be found in Table 1. Our geographic footprint is also well suited to shale gas development. The Company operates a base in Fort Nelson, BC which services the Horn River Shale, bases in Fort St. John, BC and Grande Prairie, Alberta which service the Montney Shale and a base in Estevan, Saskatchewan which provides service to the Bakken Shale. In 2008, Trican relocated a fracturing crew to Estevan to work in the active Bakken Shale.

CANADIAN OPERATIONS

1 Calgary • 2 Fort Nelson • 3 Fort St.John • 4 High Level • 5 Red Earth • 6 Grande Prairie • 7 Hinton • 8 Whitecourt • 9 Nisku • 10 Drayton Valley • 11 Red Deer • 12 Lloydminster • 13 Provost • 14 Drumheller • 15 Brooks • 16 Medicine Hat • 17 Estevan •

2008 Capital expenditures in Canada totaled $48.4 million, largely comprising investments in shale gas equipment and infrastructure. We spent approximately $20.5 million and increased our fracturing fleet by 10 pumpers in Canada, which represents an increase of 22,500 HHP. This equipment was added specifically to facilitate the completion of the large jobs required on shale gas wells. A further $15.1 million in capital expenditures was dedicated to additional coiled tubing, nitrogen, cementing and acidizing equipment. Shale gas market share and

revenue benefited in 2008 from having a solid infrastructure in shale gas developing areas. Shale gas fracturing calls for large amounts of sand, carbon dioxide and nitrogen to be transported to location, stored and pumped. Trican invested approximately $4.1 million in shale gas infrastructure that gave us a competitive advantage in performing these large treatments. We invested in a sand storage facility in Fort Nelson to allow sand to be brought in by rail and stored for use in the Horn River play. Not only did this facility reduce our proppant cost, it also gave us a competitive advantage and a solid infrastructure for growth in this region. We also invested in carbon dioxide and nitrogen transport and storage vessels, giving us an additional competitive advantage in the Montney play. We expanded our Estevan, Saskatchewan base to allow a full time fracturing and coiled tubing unit to be located central to the Bakken play.

Trican's strength in the deep, high technology market and in the shale gas plays drove increased revenue and profits in a year that saw a decrease in the number of wells drilled. We now have solid infrastructure in place which positions us to grow as the Canadian market grows. We continue to see shale gas growth in 2009 as some of these plays in the WCSB have producing costs among the lowest in Canada, making them economic at lower gas prices. We also see producers successfully applying horizontal fracturing technology to other reservoirs in the WCSB which should continue to increase the volume of fracturing jobs. We anticipate that 2009 will be a reduced well count year but that this will be partially offset by shale gas and horizontal well development. We see the continued development of shale gas as a strong growth area for Trican for many years in the future.

TABLE 1

Number of Units at year end (Canada)	2004	2005	2006	2007	2008[C]	2009[D]
Fracturing Crews[A]						
Conventional	12	15	18	18	18	18
CBM[B]	2	4	4	4	4	4
HHP				135,500	158,000	158,000
Cement Pumpers	45	50	57	54	49	52
Deep Coiled Tubing Units	12	16	22	18	16	16
Shallow Coiled Tubing Units	11	8	8	8	8	8
Nitrogen Pumpers	16	22	32	28	25	27
Acidizing Units	10	12	12	12	13	13

Notes:

A a fracturing crew is made up of several pieces of specialized equipment

B comprises principally high-rate nitrogen pumping units; these units pump at higher rates and pressures than the pumpers used in our other areas of business

C operational or in the final stages of construction

D expected equipment capacity at year end based on preliminary budgets, which are subject to change

Russian Operations

Trican operates in Russia under the name Newco Well Services LLC (Newco). Newco began operations in Russia in mid-2000, providing cementing and, later, fracturing services to a variety of customers in the Tyumen region of western Siberia. Although Newco's operations are centered in Raduzhny, our operational reach has expanded in recent years with new bases in Nyagan, Nefteyugansk and Perm. In 2008, we also added a new base in Gubkinsky, which is a strategic area of operations as it is located near Gazprom's major gas fields. We believe that, over time, these fields will require additional fracturing services and that Newco will be well positioned to perform this work. We are continuing to see an increased fracturing work scope from Gazprom. In 2008 we doubled the gas well fracturing we did for them with good well performance. The 2009 work scope that we have been awarded is anticipated to again double the number of fracturing treatments. In 2008, we also started work in a remote area

of eastern Siberia called Vankor. Vankor is a new, greenfield development for Rosneft. Newco has established a base in this field and is working on a three-year coiled tubing, pumping and nitrogen contract. Work on the Vankor project started slowly in 2008 due to startup problems and delays, but steadily gained momentum later in the year. Utilization levels have increased and we plan to add a second coiled tubing unit to the project in 2009 to accommodate the work. Late in 2008, we chose to close the base in Perm due to a decrease in activity in this region. However, we plan to open a base in Nizhnevartovsk, a region in which Newco was awarded contracts in 2009 that warrant the opening of a new base in this region. Newco also continues to maintain a fleet of fracturing equipment in the Kyzylorda region of Kazakhstan to service customers in this area.

The majority of the work performed by Newco in Russia is on oil wells. Hence, activity is largely dominated by the price of oil. Oil prices saw remarkable fluctuation in 2008, reaching a high of $123.08 US/bbl average price for WTI crude in the second quarter, but dropping to an average low price of $59.08 in the fourth quarter. The high price of oil throughout most of the year resulted in an active year for our customers, and we performed the highest number of jobs in Newco's history. In 2008, job count increased by 46 per cent year-over-year to 2,977 jobs and revenue increased by 23 per cent to $295.7 million. Fracturing remains the largest component of Newco's work, representing 85 per cent of revenue.

A strategic goal for our management team in the region was to leverage off of our solid platform to grow our other service lines. The team successfully expanded the cementing and coiled tubing service lines in 2008. The cementing job count and revenue results both doubled in 2008 from 2007 levels while coiled tubing and nitrogen job counts grew from 35 to 319 jobs with a corresponding revenue growth of 935 per cent. Overall, we achieved a diversification of our service lines which will provide a more balanced revenue and profit stream in the future.

The challenges in Russia in 2008 were not in generating revenue but, rather, in maintaining operating margins. The high price of oil in early 2008 resulted in significant inflation in the first three quarters of the year. In particular, Newco experienced 22 per cent wage inflation and a 40 per cent increase in fuel costs in January of 2008. This, combined with increases in product costs, resulted in operating margins dropping to 11 per cent of revenue for the first six months of 2008, down from 22 per cent the previous year. Other contributing factors to this drop were a slow start to the Vankor coiled tubing project, a slow start on some of our cementing contracts and start up costs associated with new bases in Gubkinsky and Vankor. Through cost cutting measures and increased utilization of our cementing and coiled tubing assets, Newco's margins in the second half of the year recovered to more suitable levels, generating full year operating income of $46 million which is 15.6 per cent of revenue.

Capital expenditures in Russia in 2008 totaled $29.5 million, which was comprised of additional cementing, coil and nitrogen equipment. Newco's equipment capacity is outlined in Table 2.

We were very successful in obtaining tenders in Russia for 2009, as Newco was awarded work on the majority of the tenders it submitted. The current price of commodities caused our customers to reduce their capital budgets for 2009 which made for a challenging bidding process. Our philosophy of providing a high level fit-for-purpose technology combined with excellent field execution resulted in an increased market share during a period of overall reduced work scope.

A key factor in our bid success and revenue growth is the strength of our Russian personnel and their ability to consistently execute well-designed stimulation, coil and cement programs. By attracting high quality personnel and continually upgrading our equipment, support infrastructure and proprietary technologies, Newco continues to have strong, solid working relationships with our Russian customers.

From the contracts we have been awarded, we anticipate a nine per cent drop in operating revenue (measured in Rubles) in 2009. This drop consists of a 13 per cent decline in the number of jobs but a four per cent increase in average revenue per job. The expected revenue per job increase is largely due to a shift in service line mix with a drop in the percentage of cementing jobs compared to higher revenue fracturing jobs. The anticipated drop in cementing is due to a reduction in new wells being drilled in Russia. When the price of oil recovers, new well drilling should also recover as our customers in Russia have a strong desire to increase production over time.

We see Russia as a long-term growth area for Trican. Russia has significant oil and gas reserves and will require the services we provide to increase their production over time. Through Newco, Trican has a solid platform on which to provide existing services to Russian oil and gas companies and to add additional services as required in the future. We have a solid management team that understands Russia and a staff that is committed to outperforming our competitors.

TABLE 2

Number of Units at year end (Russia)	2004	2005	2006	2007	2008[A]	2009[B]
Fracturing Crews – Conventional	4	6	8	11	11	11
HHP				79,150	79,150	79,150
Cement Pumpers	3	3	3	6	6	6
Deep Coiled Tubing	–	–	–	3	5	5
Nitrogen Pumpers	–	–	–	4	9	9
Acidizing Units	–	–	–	–	–	1

Note:
Nitrogen Pumpers: there were 9 on hand but only 7 in use at year-end
A operational or in the final stages of construction
B expected equipment capacity at year end based on preliminary budgets, which are subject to change

RUSSIAN OPERATIONS

United States Operations

In the United States, Trican operates under the name Liberty Pressure Pumping LP (Liberty). Headquartered in Denton, Texas (a suburb of Dallas), Liberty provides primarily fracturing services in Texas, Louisiana, Arkansas and Oklahoma.

Liberty has a solid platform in the major shale plays in the southern United States and operates a fracturing fleet with 188,000 HHP. This capacity is divided into eight crews operating out of four bases: four fracturing crews out of a base in Springtown, Texas which is located in the Barnett Shale; two fracturing crews out of Longview, Texas, performing work in the Haynesville Shale in Louisiana and on other deep gas fields in East Texas; and one fracturing crew in Searcy, Arkansas, working primarily on the Fayetteville shale. In 2008, we opened a fourth base in Woodward, Oklahoma. This base has one fracturing crew that works on the Woodford shale and other oil and gas wells in the region. We also offer cementing and nitrogen services in Longview and acidizing services in Woodward. In 2009, we plan to add acid services to Longview.

We have focused on building a solid platform in the shale plays in the United States. As in Canada, these shale plays require large amounts of fracturing services to be commercial. They also have some of the lowest operating costs of all basins in the United States. We believe that in times of low commodity prices, the shale plays in which we are involved will continue to be active.

Revenue in 2008 increased by 57 per cent over the previous year to $166 million, although operating income for the year decreased 31 per cent to $28 million. The year was very cyclical for our US Operations. In the first quarter, we were hampered by a sand shortage which resulted in Liberty being unable to secure enough proppant to keep all of our equipment busy. As a result, fracturing utilization in the first quarter dropped to approximately 30 per cent and operating income dropped to 8.9 per cent of revenue. Sand supply was re-established in the second quarter and will now be a strategic advantage for Liberty due to a long-term sand supply agreement at favorable to market rates. From April until September, Liberty worked to re-establish its scope of work and increase utilization of its equipment in a very price competitive environment. This resulted in low operating margins for the second and third quarters. By the third quarter of 2008, utilization had increased and in the fourth quarter, operating income increased to 23.8 per cent of revenue.

We achieved some key strategic goals in the US in 2008. Our strategic objective is to separate Liberty from its competition by applying technology designed to solve the unique problems of customers in that region. In 2008, we successfully entered the Haynesville shale market. This is a higher technology market that requires high pressure equipment and, in some cases, more advanced fluid systems than other regions in the US. It is also a market that is suited to our core expertise and solid technical ability. We succeeded in securing a one-year contract with a major operator in the Haynesville shale for 2009, and we are continuing to expand our customer base and scope of work in that region.

In 2008, we added additional service lines to our US operations. Acid services are now being offered out of our Woodward base, nitrogen services are offered out of Longview and, in the fourth quarter, we began offering cementing services out of our Longview base. Our goal is to continue to broaden our service offering in the US and we will continue to explore options for expanding our cement and acid service lines as well as adding other services in the future.

We believe drilling in the United States will experience a slowdown in 2009 with the majority of that slowdown occurring in the higher cost producing areas. Many of the shale plays in which Liberty operates will be affected the least, but some pricing erosion will occur and the

environment will be competitive. We will put forth best efforts to keep costs low and ensure adequate margins are realized on competitive bids during this downturn.

We believe that, in the long term, the US offers considerable growth opportunities for Trican. We currently have a small presence in the US, but we will capitalize on opportunities for geographic and service line expansion.

TABLE 3

Number of Units at year end (U.S.)	2007	2008[A]	2009[B]
Fracturing Crews – Conventional	10	8	8
HHP	155,500	188,000	188,000
Cement Pumpers	–	2	2
Nitrogen Pumpers	–	4	4
Acidizing Units	-	1	2

Note:
A operational or in the final stages of construction
B expected equipment capacity at year end based on preliminary budgets, which are subject to change

UNITED STATES OPERATIONS

North African Operations

In Algeria, Trican operates out of one base in Hassi Messaoud. This is a start up operation with 2008 being its first full year of operation. Trican runs one coiled tubing unit, one nitrogen pumper and one twin fluid pumper in the region.

2008 was characterized by financial underperformance coupled with the achievement of strategic goals. Financially, Trican's operations underperformed for the first three quarters of the year as the customer with which we entered Algeria reduced activity and was eventually sold in Q3 2008. As Trican's contract in Algeria limited us to working solely for a single customer, our utilization dropped and financial results suffered. During the year, Trican was granted the ability to work for another customer which improved our utilization in the fourth

quarter. Financial results for Algeria are included in our Russian operations financial results.

Strategically, our Algerian management team achieved the goals we set for ourselves. In 2008, Trican achieved the following strategic initiatives:

- Technically approved by Sonatrach (state-owned oil company) to tender cementing contracts and additional coil contracts.
- Awarded two additional coiled tubing contracts for 2009. Work has begun on one contract with the second starting in Q2.
- Trican will be transferring $7 million in additional coiled tubing, nitrogen and pumping assets to Algeria to start work in Q2 2009.
- Strengthened our relationship with Sonatrach, providing us with the opportunity for further customer and service line expansion in the future.
- Trican has been approved by local customs to provide services on multiple contracts to different operators.

Trican believes that North Africa and the long-term requirements for natural gas and LNG for export to Europe represent an opportunity for growth for the Company and that we are taking the necessary steps to continue to expand in this region. We are encouraged by the progress that we made in the latter part of 2008.

TABLE 4

Number of Units at year end (North Africa)[C]	**2007**	**2008[A]**	**2009[B]**
Deep Coil Tubing Units	1	1	2
Nitrogen Pumpers	1	1	2
Acidizing Units	1	1	2

Note:
A operational or in the final stages of construction
B expected equipment capacity at year end based on preliminary budgets, which are subject to change
C in addition Trican has an acid blend plant, one nitrogen bulker, one N2 Queen storage vessel, two cement bulkers and cement bulk plant.

NORTH AFRICAN OPERATIONS

Technology

Trican's operating philosophy has always been to separate ourselves from our competition with technology. In all of our regions, we have excelled at developing technology designed to solve the specific problems that our customers face in their regions. Trican's R&D process moves quickly and reactively to our customers' needs. This gives us an advantage over our competitors.

We continue to apply this approach to shale gas development. We have a number of technologies that have been designed to reduce our customers' well costs while increasing their production. Some of these are:

Shale Gas Technology

1. Geology – Fracture Integration
We believe that an understanding of the rock is critical in the design of fracturing treatments. Shale rock is very different from conventional sandstones and limestones. Understanding and then integrating the individual shale properties of a particular reservoir into our fracture designs is critical to our customers' success in exploiting these reservoirs. Trican's CBM Solutions division consists of world-renowned shale gas experts who are able to analyze rock from wells and provide information and rock properties to our fracture design engineers. This integrated approach gives Trican a significant advantage over most of our competitors. We continue to have ongoing research projects that will strengthen this integration and improve fracture designs in shale gas reservoirs.

2. Re-usable Fracturing Fluids
Shale gas fracturing requires large amounts of water. Trican has developed a number of products that allow us to re-use water flowed from one well on a subsequent fracturing job. This results in considerable savings for our customers and reduced environmental impact. We will continue to research improved products in this area.

3. Horizontal Coiled Tubing Fracturing Tools
Trican has developed a new tool run on coiled tubing that allows us to isolate different parts of a horizontal well and perform fracturing treatments through coil at various intervals along the well. This tool is primarily designed for the Bakken shale in Canada and will reduce costs for our customers.

4. Montney Fracturing Fluid
Trican has two fluids that allow the placement of large volumes of sand and create less damage, resulting in increased production from the Montney shale in Canada. Trican's Enhanced Emulsified CO_2 system and combination N_2 – CO_2 system have both produced superior results for our clients.

5. Floating Sand
Floating Sand is a revolutionary product that allows Trican to float regular sand or ceramic proppant in water without the use of viscosifiers. This technology is particularly well suited to shale gas slick water fracturing. At the present time, the product is pre-commercial; we anticipate commercial application in 2009.

Trican has also developed a number of products that can be used in both shale and non-shale reservoirs. Some of these are:

[illegible] for Conventional Wells

1. Prop-Lock™

Trican has developed a new, innovative product for controlling proppant flowback from fractured wells in all of our regions. This product has been field tested in Oklahoma and will be applied in our other regions in 2009.

2. Water Control Fracturing

Trican has developed techniques and products to help control water flow from wells that have high water production. This product has specific application in many fields in Russia where water production is a problem.

3. New Lightweight Cement Blends

Trican has integrated new technology and products to improve the compressive strengths of our lightweight blends. This technology is new to the industry and allows us to run lighter cements while still maintaining strength. It is currently being applied in Canada and will be rolled out to other regions over time.

[illegible] Industrial Services

In 2008, Trican's industrial division introduced two new technologies that have gained rapid market acceptance with our customers. The technologies involve proprietary tools and techniques to clean both the inside and outside of heat exchanger tubes and bundles. The technologies represent a superior degree of cleanliness, minimize by-product waste, minimize water consumption and provide an improvement in worker safety. This technology has given Trican a competitive advantage in this area.

CORPORATE INFORMATION

Board Of Directors

Kenneth M. Bagan (1) (2)
President and Chief Executive Officer
Enerchem International Inc.

Gary R. Bugeaud (2)
Partner, Burnet, Duckworth & Palmer LLP

Murray L. Cobbe
President and Chief Executive Officer

Donald R. Luft
Senior Vice President, Operations
and Chief Operating Officer

Kevin L. Nugent (1)
President
Livingstone Energy Management Ltd.

Douglas F. Robinson (1) (2)
Independant Businessman

Officers

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President and Chief Executive Officer

Donald R. Luft
Senior Vice President, Operations
and Chief Operating Officer

Dale M. Dusterhoft
Senior Vice President

Michael G. Kelly, C.A.
Senior Vice President,
Corporate Development

David L. Charlton
Vice President, Sales and Marketing

Bonita M. Croft
Vice President, Legal, General Counsel
and Corporate Secretary

Michael A. Baldwin, C.A.
Vice President, Finance
and Chief Financial Officer

Steve J. Redmond
Vice President, H.R./H.S. & E.

Rob J. Cox
Vice President,
Canadian Geographic Region.

Jeromie J. Kufflick, C.A.
Corporate Controller

(1) Member of the Audit Committee
(2) Member of the Compensation and Corporate Governance Committee

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The Toronto Stock Exchange
Trading Symbol: TCW

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MANAGEMENT'S DISCUSSION AND ANALYSIS AND CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2008 and 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the financial condition and results of operations of the Company has been prepared taking into consideration information available to March 4, 2009 and should be read in conjunction with the consolidated financial statements and accompanying notes.

OVERVIEW

Headquartered in Calgary, Alberta, Trican has operations in Canada, Russia, the US and North Africa. Trican provides a comprehensive array of specialized products, equipment and services that are used during the exploration and development of oil and gas reserves.

Financial Review

($ millions, except per share amounts)

		Three months ended December 31,			Years ended December 31,		
		2008 (unaudited)	2007 (unaudited)	2006 (unaudited)	**2008**	2007	2006
Revenue		**$322.8**	$195.8	$208.3	**$1,016.1**	$836.4	$847.5
Operating income *		**73.2**	34.2	61.3	**181.8**	195.1	284.2
Net (loss)/income		**(95.3)**	18.2	35.3	**(70.4)**	111.8	172.6
Net (loss)/income per share	(basic)	**(0.76)**	0.15	0.31	**(0.56)**	0.93	1.50
	(diluted)	**(0.76)**	0.15	0.30	**(0.56)**	0.91	1.44
Adjusted net income*		**39.6**	21.4	37.9	**73.3**	124.5	183.6
Adjusted net income per share*	(basic)	**0.32**	0.18	0.33	**0.59**	1.03	1.60
	(diluted)	**0.31**	0.17	0.32	**0.58**	1.01	1.55
Funds provided by operations*		**79.9**	41.8	63.5	**167.1**	131.8	226.5

Notes:

** Trican makes reference to operating income, adjusted net income, adjusted net income per share and funds from operations. These are measures that are not recognized under Canadian Generally Accepted Accounting Principles (GAAP). Management believes that, in addition to net income, operating income, adjusted net income, adjusted net income per share and funds from operations are useful supplemental measures. Operating income provides investors with an indication of earnings before depreciation, taxes and interest. Adjusted net income provides investors with information on net income excluding the non-cash affect of stock-based compensation expense and one-time impairment charges. Funds provided by operations provide investors with an indication of cash available for capital commitments, debt repayments and other expenditures. Investors should be cautioned that operating income, adjusted net income, adjusted net income per share and funds from operations should not be construed as an alternative to net income, net income per share or net cash provided by operations determined in accordance with GAAP as an indicator of Trican's performance. Trican's method of calculating operating income, adjusted net income, adjusted net income per share and funds from operations may differ from that of other companies and accordingly may not be comparable to measures used by other companies. Refer to the table at the end of this report for a reconciliation of adjusted net income.*

FOURTH QUARTER HIGHLIGHTS

Trican's consolidated revenue increased 65% for the three months ended December 31, 2008 compared to the same period in 2007. Before the impact of one-time charges and stock-based compensation, net income for period was $39.6 million. The Company recorded a net loss for the period of $95.3 million compared to net income of $18.2 million recorded in the fourth quarter of 2007. Similarly, the Company recorded a loss per share of $0.76 ($0.76 diluted) versus earnings per share of $0.15 ($0.15 diluted) for the comparable period in 2007. Before the impact of one-time charges and stock-based compensation, earnings per share for the period was $0.32 ($0.31 diluted). Funds from operations increased 91% to $79.9 million from the comparable period of 2007.

Operating results for the quarter reflect increased work in the unconventional natural gas plays and oil prospects in Western Canada, strong demand for services in Russia, and increased utilization levels in the United States.

Revenue in Canada increased 58% compared to the fourth quarter of 2007 as Trican benefited from increased work in unconventional natural gas plays which require more fracturing services than traditional Western Canadian Sedimentary Basin well completions.

Demand for our services in Russia continues to be strong as revenue increased by 27% compared to the fourth quarter of 2007. Operating income as a percentage of revenue increased to 19.6% from 13.5% in the fourth quarter of 2007 as a result of the effective implementation of cost control programs earlier in the year. Fourth quarter Russian results also reflect the completion of some of our customers' 2008 work programs, a change in customer mix resulting in smaller fracturing job sizes, an expanded service offering and a reduction in the price of fuel near the end of the year.

Demand for services in our areas of operations within the United States showed strong growth in activity levels as evidenced by a 211% increase in revenue compared to the fourth quarter of 2007. The primary factor in this growth was the resolution of the sand supply issues as first reported in our third quarter 2007 results. Increased operational leverage from the growth in activity led to an improvement in margins as operating income as a percentage of revenue increased to 23.8% from 14.3% compared to the fourth quarter of 2007. Although demand remained strong during the fourth quarter, low natural gas pricing has led to an increasingly competitive pricing environment as pressure pumping companies compete to maximize fleet utilization.

In accordance with accounting pronouncements, the company reviewed the carrying value of the investment made in our US operations. The nature of this review is to examine the carrying value relative to the company's year end equity value. With the significant decline in the worldwide financial markets and the resulting impact on the share value of all public companies including Trican, the company was compelled to realize an impairment on the goodwill recorded on the acquisition of its US operations. The same economic conditions also resulted in management re-assessing the carrying value of a loan issued to an unrelated third party.

As a result, impairment provisions of $180.0 million relating to goodwill and $18.5 million relating to the unrelated third party loan were recognized. Management is of the opinion that our US operations remains a key market for Trican with its presence in many of the low cost unconventional natural gas plays in the US and the potential for additional growth opportunities in the future. However, the near term economic uncertainty facing our US operations has created an environment where our US operations goodwill and a portion of the unrelated third party loan are considered impaired for accounting purposes.

Effective March 5, 2009, Michael Kelly will assume the role of Senior Vice President, Corporate Development. In this role, he will be responsible for the evaluation and oversight of Trican's ongoing business development, international expansion and M&A activities. Concurrent to this appointment, Michael Baldwin will assume the responsibilities of the Chief Financial Officer and his title will be Vice President Finance and CFO.

COMPARATIVE QUARTERLY INCOME STATEMENTS
($ thousands, unaudited)

Three months ended December 31,	2008	% of Revenue	2007	% of Revenue	Quarter-Over-Quarter Change	% Change
Revenue	**322,823**	**100.0%**	195,794	100.0%	127,029	65%
Expenses						
Materials and operating	**232,417**	**72.0%**	151,595	77.4%	80,822	53%
General and administrative	**17,186**	**5.3%**	10,036	5.1%	7,150	71%
Operating income*	**73,220**	**22.7%**	34,163	17.4%	39,057	114%
Goodwill impairment	**179,771**	**55.7%**	-	-	179,771	100%
Other asset impairment	**18,454**	**5.7%**	-	-	18,454	100%
Interest expense	**2,323**	**0.7%**	2,764	1.4%	(441)	-16%
Depreciation and amortization	**28,169**	**8.7%**	17,801	9.1%	10,368	58%
Foreign exchange gain	**(6,352)**	**-2.0%**	(1,352)	-0.7%	(5,000)	370%
Other expense	**1,085**	**0.3%**	55	0.0%	1,030	1873%
(Loss)/income before income taxes and non-controlling interest	**(150,230)**	**-46.5%**	14,895	7.6%	(165,125)	-1109%
Provision for income taxes	**(54,894)**	**-17.0%**	(3,287)	-1.7%	(51,607)	1570%
(Loss)/income before non-controlling interest	**(95,336)**	**-29.5%**	18,182	9.3%	(113, 518)	-624%
Non-controlling interest	**(38)**	**0.0%**	28	0.0%	(66)	-236%
Net (loss) / Income	**(95,298)**	**-29.5%**	18,154	9.3%	(113,452)	-625%

** see first page of this report*

Effective January 1, 2008, we have realigned the structure of our financial reporting to better reflect the way in which management oversees the business. Formerly we provided comments on the operations and financial results of our Well Service, Production Services and Corporate Divisions. Effective January 1, we are now providing comments by our operating divisions: Canada, Russia, United States and Corporate. Algerian and Kazakhstan operations are included in the results for the Russian operations. Prior year information has been restated for comparative purposes.

CANADIAN OPERATIONS

Three months ended, ($ thousands, unaudited)	Dec. 31, 2008	% of Revenue	Dec. 31, 2007	% of Revenue	Sept. 30, 2008	% of Revenue
Revenue	**175,194**		110,928		158,766	
Expenses						
Materials and operating	**120,867**	**69.0%**	80,553	72.6%	111,011	69.9%
General and administrative	**7,498**	**4.3%**	4,536	4.1%	5,154	3.2%
Total expenses	**128,365**	**73.3%**	85,089	76.7%	116,165	73.2%
Operating income*	**46,829**	**26.7%**	25,839	23.3%	42,601	26.8%
Number of jobs	**6,028**		5,995		6,574	
Revenue per job	**29,193**		18,764		24,271	

** see first page of this report*

Sales Mix

Three months ended, ($ thousands, unaudited)	Dec. 31, 2008	Dec. 31, 2007
% of Total Revenue		
Fracturing	**58%**	44%
Cementing	**20%**	29%
Coiled Tubing	**6%**	9%
Nitrogen	**6%**	6%
Acidizing	**4%**	5%
Other	**6%**	7%
Total	**100%**	100%

Operations Review

Industry activity during the fourth quarter of 2008 increased on a year-over-year comparison but decreased on a sequential basis.

Canadian industry activity, as measured by the average number of active drilling rigs, increased 13% for the quarter relative to the same period in 2007. Demand for services was strongly influenced by the emergence of unconventional natural gas plays in western Canada and oil prospects in southern Saskatchewan. Work performed in these areas require more fracturing services that are typically larger in size and generate higher revenue per job and operating margins than traditional Western Canadian Sedimentary Basin well completions. We have been very active in these areas, and our significant operating capacity and technical expertise position us well to service these unconventional gas and oil plays.

As expected, sequential activity levels decreased with softening commodity prices combined with normal seasonal slow down towards the end of the year.

Current Quarter versus Q4 2007

Revenue for the quarter increased 58%, to $175.2 million, reflecting the increase in fracturing activity and size of jobs relative to last year.

Revenue per job increased to $29,193 from $18,764. This increase reflects the much larger fracturing jobs performed in unconventional oil and gas plays in western Canada, partially offset by higher discounts that have been driven by a more competitive pricing environment.

Materials and operating expenses for Canadian operations declined as a percentage of revenue to 69.0% compared to 72.6% for the same period in 2007. An increase in the number of higher margin jobs, an increase to our price book effective November 1, 2008, and increased operational leverage have resulted in the decrease in materials and operating expenses as a percent of revenue. This was partially offset by higher average discounts offered to customers as a result of an increasingly competitive environment. General and administrative expenses increased due to an increase in our bad debt provision, higher profit sharing expense and higher stock based compensation expense.

Current Quarter versus Q3 2008

Revenue increased sequentially as a direct result of higher revenue per job that was partially offset by lower job count attributable to customers' wrap up of 2008 work programs. Revenue per job increased by 20% compared to the third quarter of 2008 due to a greater proportion of work performed on unconventional natural gas plays and implementation of a price book increase.

Materials and operating expenses decreased slightly as a percentage of revenue to 69.0% compared to 69.9% for the third quarter of 2008. The slight decrease reflects a price book increase that positively impacted margins. In dollar terms, general and administrative expenses increased $2.3 million due mainly to an increase in profit sharing expense and our bad debt provision.

RUSSIAN OPERATIONS

Three months ended, ($ thousands, unaudited)	Dec. 31, 2008	% of Revenue	Dec. 31, 2007	% of Revenue	Sept. 30, 2008	% of Revenue
Revenue	**79,997**		63,085		80,331	
Expenses						
Materials and operating	**60,924**	**76.2%**	52,947	83.9%	62,724	78.1%
General and administrative	**3,356**	**4.2%**	1,607	2.5%	1,775	2.2%
Total expenses	**64,280**	**80.4%**	54,554	86.5%	64,499	80.3%
Operating income*	**15,717**	**19.6%**	8,531	13.5%	15,832	19.7%
Number of jobs	**775**		492		811	
Revenue per job	**103,284**		129,205		99,150	

** see first page of this report*

Operations Review

Russian operations, which for reporting purposes include operations in Kazakhstan and Algeria, achieved strong growth in activity levels during the quarter.

Additional fracturing and cementing capacity, as well as the introduction of coiled tubing services, drove higher levels of activity in the quarter relative to the same period last year.

Undertaking pricing reviews with major customers and implementing a cost control program to reduce personnel, administrative and infrastructure costs resulted in stronger operating margins for the quarter when compared to the previous year. The Company's West Urals base in Perm was closed late in the quarter. Future work programs in this region will be serviced from other bases.

Current Quarter versus Q4 2007

Revenue for the quarter increased 27% to $80.0 million, reflecting a 58% increase in job count partially offset by a 20% decrease in revenue per job. The higher job count was due to additional equipment capacity in the fracturing and cementing service lines as well as the introduction of coiled tubing services. Revenue per job decreased relative to last year due to a greater proportion of cementing and coiled tubing jobs, and customer mix changes resulting in smaller fracturing jobs on average. Cementing and coiled tubing jobs typically generate lower revenue per job than fracturing jobs.

Fracturing represented 81% of total revenues for the quarter, down from 92% last year. Cementing accounted for 8% versus 4% in the previous year, and coiled tubing accounted for 11% versus 4% in the fourth quarter of 2007. These changes illustrate the growth in Trican's expanded service offering in Russia.

Materials and operating expenses for the quarter decreased as a percentage of revenue to 76.2% compared to 83.9% for the same period in 2007. This can be attributed to the implementation of the cost control program earlier in the year. During the quarter, pricing concessions were provided by some of our suppliers as well as a reduction in infrastructure costs with the closure of the Perm base late in the quarter. In dollar terms, general and administrative expenses increased $1.7 million due mainly to an increase in our bad debt provision and profit sharing expense.

Current Quarter versus Q3 2008

Revenue for the two quarters remained fairly consistent at $80.0 million. A slight reduction in job count was almost entirely offset by an increase in revenue per job.

Materials and operating expenses for the quarter decreased as a percentage of revenue to 76.2% compared to 78.1% in the third quarter of 2008. The decrease can be attributable to cost control measures introduced including the reduction of personnel. Fuel prices started to decrease in the later part of the quarter; this was offset by a higher fuel usage with the onset of colder weather. In dollar terms, general and administrative expenses increased $1.6 million due mainly to an increase in our bad debt provision.

UNITED STATES OPERATIONS

Three months ended, ($ thousands, unaudited)	Dec. 31, 2008	% of Revenue	Dec. 31, 2007	% of Revenue	Sept. 30, 2008	% of Revenue
Revenue	**67,631**		21,781		47,640	
Expenses						
Materials and operating	**48,291**	**71.4%**	16,982	78.0%	38,565	81.0%
General and administrative	**3,274**	**4.8%**	1,677	7.7%	2,965	6.2%
Total expenses	**51,565**	**76.2%**	18,659	85.7%	41,530	87.2%
Operating income*	**16,066**	**23.8%**	3,122	14.3%	6,110	12.8%
Number of jobs	**605**		203		458	
Revenue per job	**111,878**		107,293		104,017	

** see first page of this report*

Operations Review

Trican acquired Liberty Pressure Pumping LP ("Liberty") late in the first quarter of 2007, marking the Company's entry into the US pressure pumping market. Operations early in 2008 were hampered by inadequate supplies of high quality fracturing proppant. By the end of the first quarter, we overcame the proppant supply issues and have successfully regained market share that had been lost due to the sand supply shortages. As a result, a record US job count was achieved in the quarter despite a reduction in active US rig count in the Company's areas of operations. Trican has also secured a significant 2009 fracturing contract in the Haynesville Shale located in northwest Louisiana and east Texas.

Current Quarter versus Q4 2007

Revenue for the quarter increased 211% from the fourth quarter of 2007 to establish a new quarterly revenue record of $67.6 million. The increase in revenue can be attributable to a significant increase in job count combined with an increase in revenue per job. Job count was up mainly due to the resolution of the sand supply issue. Revenue per job increased primarily as a result of the strengthening US dollar relative to the Canadian dollar. Revenue per job in US dollar terms actually decreased from the fourth quarter of 2007 due to a 7% increase in discounts offered to customers, as a reduction in natural gas prices resulted in increased competition for work in our areas of operations.

Materials and operating expenses as a percentage of revenue were 71.4% in the quarter compared to 78.0% in the prior year. The decrease can be attributed to higher utilization levels increasing operational leverage that was partially offset by higher average discounts. In dollar terms, general and administrative expenses increased $1.6 million due to additional administrative costs associated with the addition of bases in Searcy, Arkansas and Woodward, Oklahoma.

Current Quarter versus Q3 2008

Revenue increased by $20.0 million, or 42% on a sequential basis. Supporting the increase in revenue was a 32% increase in job count as we continue to maintain market share that was regained late in the third quarter. Revenue per job increased as a result of the strengthening US dollar relative to the Canadian dollar. Revenue per job in US dollar terms was slightly lower as a result of a decrease in the average size of fracturing jobs performed.

Materials and operating expenses as a percentage of revenue decreased to 71.4% from 81.0% in the previous quarter due to increased operational leverage resulting from higher utilization of equipment.

CORPORATE DIVISION

Three months ended, ($ thousands, unaudited)	Dec. 31, 2008	% of Revenue	Dec. 31, 2007	% of Revenue	Sept. 30, 2008	% of Revenue
Expenses						
Materials and operating	**2,335**	**0.7%**	1,113	0.6%	2,033	0.7%
General and administrative	**3,058**	**0.9%**	2,216	1.1%	2,228	0.8%
Total expenses	**5,393**	**1.7%**	3,329	1.7%	4,261	1.5%
Operating loss*	**(5,393)**		(3,329)		(4,261)	

** see first page of this report*

Corporate division expenses consist of salaries, stock-based compensation and office costs related to corporate employees, as well as public company costs.

Current Quarter versus Q4 2007

Corporate division expenses were up $2.1 million from the same quarter last year due to an increase in expenses relating to the corporate restructuring, higher travel costs to support geographic expansion, and an increase in profit sharing expense.

Current Quarter versus Q3 2008

Corporate Division expenses were up $1.1 million on a sequential basis. The increase can be attributable to mark to market of deferred share units, an increase in travel costs and professional fees associated with applications for patents and higher travel cost.

OTHER EXPENSES AND INCOME

Interest expense decreased to $2.3 million for the quarter from $2.8 million for the comparable prior period. This was mainly a result of a decrease to the effective average interest rate on the consolidated debt facilities during the quarter. The decrease in rates more than offset the increase in outstanding debt compared to the prior quarter.

Depreciation and amortization increased to $28.2 million for the quarter compared to $17.8 million for the same period in 2007 as a result of the continued investment in equipment and operations facilities across all regions.

Foreign exchange gains increased to $6.4 million in the quarter from $1.4 million for the comparable prior period as a result of US dollar and Russian ruble currency fluctuations relative to the Canadian dollar.

Other expense increased to $1.1 million in the fourth quarter of 2008 from $0.1 million for the same period in the prior year. This increase was largely caused by an impairment write-down of $0.9 million on intangible assets

INCOME TAXES

Trican recorded an income tax recovery of $54.9 million in the quarter versus $3.3 million for the comparable period of 2007. The increase in income tax recovery can be attributable to $67.7 million in future income tax recoveries relating to goodwill and other asset impairment write-downs during the quarter. These recoveries were slightly offset by an increase in income taxes expense relating to higher overall earnings before one-time charges.

2008 HIGHLIGHTS

Trican's 2008 financial and operational performance reflects a strong improvement in the Company's Canadian operations that was more than offset by sand supply issues and margin contraction in the Company's US operations and inflationary pressures on the Russian operations.

The Company reports record revenues of just over $1 billion during the year, surpassing the previous record of $847 million in 2006 by over 20%. Before the impact of one-time charges and stock-based compensation, net income for the year was $73.3 million versus $124.5 million in 2007. There was a net loss of $70.4 million for the year compared to net income of $111.8 million in 2007. Diluted earnings per share fell to a loss of $0.56 versus earnings of $0.91 in 2007. Before the impact of one-time charges and stock based compensation, diluted earnings per share for 2008 was $0.58 compared to $1.01 in 2007. Funds from operations increased 27% to $167.1 million from $131.8 million in 2007.

Results from our Canadian operations were strongly influenced by the emergence of unconventional natural gas plays in western Canada and oil prospects in southern Saskatchewan.

Revenue from our Russian operations benefited from expanded operational reach, expanded service offerings, and additional operating capacity combined with strong demand. However, higher domestic inflation combined with flat contract rates have contributed to lower earnings from our Russian operations. During 2008, management undertook pricing reviews with customers and implemented cost control measures resulting in an increase in operating margins during the last half of the year relative to the first half of the year.

The Company continued its expansion into the US with the opening of two new bases in Searcy, Arkansas and Woodward, Oklahoma. The US operations overcame its proppant supply issue by the end of the first quarter of 2008 and by the fourth quarter successfully regained market share that had been lost due to sand supply shortages. This resulted in significant revenue and job count growth compared to 2007. However, an increasingly competitive environment in the US compared to last year has arisen as a result of an increase in the amount of equipment operating in our areas of operation combined with a reduction in natural gas prices. This has led to higher average discounts offered to customers, which has resulted in downward pressure on our US margins.

In accordance with accounting pronouncements, the company reviewed the carrying values of the US operations as a whole and an unrelated third party loan. The near term economic uncertainty facing the US operations has created an uncertain environment where the US operations goodwill and a portion of the unrelated third party loan are considered impaired for accounting purposes. Impairment provisions of $180.0 million relating to the goodwill and $18.5 million relating to the unrelated third party loan were recorded.

COMPARATIVE ANNUAL INCOME STATEMENTS
($ thousands, unaudited)

Years ended December 31,	**2008**	**% of Revenue**	2007	% of Revenue	Year-Over-Year Change	% Change
Revenue	**1,016,083**	**100.0%**	836,373	100.0%	179,710	21%
Expenses						
Materials and operating	**780,006**	**76.8%**	602,919	72.1%	177,087	29%
General and administrative	**54,285**	**5.3%**	38,363	4.6%	15,922	42%
Operating income*	**181,792**	**17.9%**	195,091	23.3%	(13,299)	-7%
Goodwill impairment	**179,771**	**17.7%**	-	-	179,771	100%
Other asset impairment	**18,454**	**1.8%**	-	-	18,454	100%
Interest expense	**13,782**	**1.4%**	8,596	1.0%	5,186	60%
Depreciation and amortization	**93,394**	**9.2%**	62,707	7.5%	30,687	49%
Foreign exchange gain	**(5,971)**	**-0.6%**	(20,512)	-2.5%	14,541	-71%
Other income	**(2,997)**	**-0.3%**	(1,356)	-0.2%	(1,641)	121%
(Loss)/Income before income taxes and non-controlling interest	**(114,641)**	**-11.3%**	145,656	17.4%	(260,297)	-179%
Provision for income taxes	**(44,267)**	**-4.4%**	31,183	3.7%	(75,450)	-242%
(Loss)/income before non-controlling interest	**(70,374)**	**-6.9%**	114,473	13.7%	(184,847)	-161%
Non-controlling interest	**24**	**0.0%**	2,656	0.3%	(2,632)	-99%
Net (loss) / Income	**(70,398)**	**-6.9%**	111,817	13.4%	(182,215)	-163%

** see first page of this report*

CANADIAN OPERATIONS

Year ended December 31, 2008, ($ thousands unaudited)	2008	% of Revenue	2007	% of Revenue	Y-Over-Y Change
Revenue	**554,554**		474,111		17%
Expenses					
Materials and operating	**404,868**	**73.0%**	339,400	71.6%	19%
General and administrative	**22,452**	**4.0%**	18,974	4.0%	18%
Total expenses	**427,320**	**77.1%**	358,374	75.6%	19%
Operating income*	**127,234**	**22.9%**	115,737	24.4%	10%
Number of jobs	**23,621**		22,768		4%
Revenue per job	**23,625**		21,074		12%

** see first page of this report*

Revenue from Canadian operations increased 17% from the previous year to $554.6 million. The growth in revenues can be mainly attributed to a 12% increase in revenue per job as a result of larger fracturing jobs in the unconventional oil and gas plays within western Canada and an increase in the proportion of fracturing jobs. These were partially offset by an increase in higher average discounts provided to customers.

Materials and operating expenses increased as a percentage of revenue to 73.0% from 71.6% for the comparable period in 2007 as a result of higher fuel costs and overall margin contraction due to increased price competition. General and administrative costs increased $3.5 million from the prior year as a result of higher office costs and an increase in the bad debt provision.

RUSSIAN OPERATIONS

Year ended December 31, 2008, ($ thousands unaudited)	2008	% of Revenue	2007	% of Revenue	Y-Over-Y Change
Revenue	**295,703**		256,628		15%
Expenses					
Materials and operating	**240,988**	**81.5%**	199,658	77.8%	21%
General and administrative	**8,677**	**2.9%**	5,453	2.1%	59%
Total expenses	**249,665**	**84.4%**	205,111	79.9%	22%
Operating income*	**46,038**	**15.6%**	51,517	20.1%	-11%
Number of jobs	**2,977**		2,046		46%
Revenue per job	**99,520**		126,467		-21%

** see first page of this report*

Revenue from Russian operations increased by 15% over the prior year to $295.7 million due to a 46% increase in job count partially offset by a 21% decrease in revenue per job. Job count has increased due to expanded equipment capacity in the fracturing and cementing service lines as well as the addition of coiled tubing services. The decrease in revenue per job relative to last year was due to flat contract rates, smaller average fracturing job sizes performed during the year, and the growth in the number of lower revenue per job cementing and coiled tubing jobs.

Materials and operating expenses increased as a percentage of revenue from 77.8% to 81.5% due to margin contraction caused by flat contract rates combined with inflationary pressures on operating expenses, most notably fuel and personnel costs. In dollar terms, general and administrative expenses increased $3.2 million due primarily to increased personnel costs and an increase in our bad debt provision.

UNITED STATES OPERATIONS

Year ended December 31, 2008, ($ thousands unaudited)	2008	% of Revenue	2007	% of Revenue	Y-Over-Y Change
Revenue	**165,826**		105,634		57%
Expenses					
Materials and operating	**126,438**	**76.2%**	59,408	56.2%	113%
General and administrative	**11,009**	**6.6%**	4,836	4.6%	128%
Total expenses	**137,447**	**82.9%**	64,244	60.8%	114%
Operating income*	**28,379**	**17.1%**	41,390	39.2%	-31%
Number of jobs	**1,648**		794		108%
Revenue per job	**100,792**		133,040		-24%

** see first page of this report*

US revenue increased by 57% to $165.8 million versus the prior year due to a 108% increase in job count partially offset by a 24% decrease in revenue per job. Job count increased due to resolution of the sand supply issue, greater equipment capacity and a full twelve months of operations in 2008. The majority of the reduction in revenue per job can be attributed to an increase in discounts offered to customers.

Materials and operating expenses as a percentage of revenue were 76.2% in the quarter compared to 56.2% in the prior year. The significant increase can be attributed to the impact of the sand supply disruption on margins during the first three quarters of the year, margin contraction from increased discounts, and higher fuel and higher sand transportation and storage costs. The increase in general and administrative expenses can be attributed mainly to administrative costs to support additional bases in Searcy, Arkansas and Woodward, Oklahoma.

CORPORATE DIVISION

Year ended December 31, 2008, ($ thousands unaudited)	2008	% of Revenue	2007	% of Revenue	Y-Over-Y Change
Expenses					
Materials and operating	**7,712**	**0.8%**	4,453	0.5%	73%
General and administrative	**12,147**	**1.2%**	9,100	1.1%	33%
Total expenses	**19,859**	**2.0%**	13,553	1.6%	47%
Operating loss*	**(19,859)**		(13,553)		47%

** see first page of this report*

Corporate Division expenses were up $6.3 million compared to last year due an increase in expenses relating to the corporate restructuring and higher travel costs to support geographic expansion that was partially offset by a recovery on the valuation of deferred share units.

OTHER EXPENSES AND INCOME

Interest expense increased to $13.8 million for the year from $8.6 million for the comparable prior period as a result of higher average debt balances.

Depreciation and amortization increased to $93.4 million for the year relative to $62.7 million for the same period in 2007 as a result of investment in equipment and operations facilities across all regions.

Foreign exchange gains were $6.0 million for 2008. The strengthening of the US dollar relative to the Canadian dollar during 2008 resulted in a foreign exchange loss on our US dollar net monetary liabilities. These losses were more than offset by gains on intercompany advances.

Other income increased $1.6 million as a result of interest on a loan issued to an unrelated third party and a reduction in the value of the share component of the deferred consideration owing to former owners of CBM Solutions. These increases were partially offset by the impairment write-down on intangible assets.

INCOME TAXES

Trican recorded an income tax recovery of $44.3 million in the year compared to an expense of $31.2 million for the comparable period of 2007. The Company's effective tax rate for 2008 was a recovery of 38.6% versus an expense of 21.4% for 2007. The change in the Company's effective tax rate is primarily attributable to the impairment write-downs for goodwill and other assets in 2008. Excluding the impairment write-downs, the 2008 effective tax rate would have been 27.8%. The increase over 2007 can be attributable to non-taxable exchange gains arising from the translation of foreign subsidiaries and future tax rate reductions recorded in 2007.

OTHER COMPREHENSIVE INCOME

The consolidated statement of other comprehensive income for the year ended December 31, 2008 includes $70.7 million in unrealized gains on translating the financial statements of our self-sustaining foreign operations. The change related to translating the net assets of our US and Russian operations using the current rate method, given that the subsidiaries are considered self-sustaining for Canadian GAAP purposes. During 2008, the Canadian dollar weakened 19% and almost 4% respectively against the US dollar and the Russian ruble, increasing the value of our net asset position in these subsidiaries in Canadian dollar terms.

LIQUIDITY AND CAPITAL RESOURCES

Operating Activities

Funds provided by operations increased 27% to $167.2 million from the 2007 total of $131.8 million. Lower net income was more than offset by the goodwill and loan impairment provisions, an increase in depreciation expense, a lower future income tax recovery and unrealized foreign exchange gains in comparison to 2007.

At December 31, 2008 the Company had working capital of $241.9 million which was an increase of $60.2 million over the 2007 year end level of $181.7 million. Significant increases in activity levels during the 2008 fourth quarter resulted in higher accounts receivable balances which was partially offset by an increase in accounts payable balances.

The Company, through the conduct of its operations, had undertaken certain contractual obligations as noted in the table below:

Payments due by Period (stated in thousands)

	2009	2010	2011	2012	2013
Operating leases	5,862	4,817	4,180	3,180	2,733

Investing Activities

During the first quarter of 2008, the Company paid $3.4 million to the existing shareholder of R-Can Services Limited (R-Can) to increase its ownership interest in R-Can by 0.6% to 98.8%. R-Can holds the investment in the Company's Russian operations.

During the second and third quarters of 2008, the Company paid $19.1 million to increase its ownership interest in Liberty from 93.2% to 100%. These acquisitions were paid in cash based in accordance with pre-existing agreements.

Capital expenditures for the year totaled $124.4 million compared with $160.2 million for the same period in 2007. This investment was directed to equipment and operating facilities in Canada, the United States, and Russia.

At the end of 2008, the Company had a number of ongoing capital projects and estimates that $12.4 million of additional investment will be required to complete them.

Financing Activities

During the first quarter, the Company expanded the syndicated $120 million (or US dollar equivalent) three year extendible revolving acquisition and capital expenditure Term Credit Facility to $220 million (or US dollar equivalent) until December 1, 2008, at which time the facility was reduced to $120 million. Other than the facility amount, terms of this facility were unchanged.

On November 17, 2008, Trican's US subsidiary entered into a US$30 million demand revolving facility with a large international bank. This facility is unsecured, bears interest at Bank Prime plus 0.25% or LIBOR plus 1.50%, has been guaranteed by the Company and is subject to financial and non-financial covenants that are typical of this type of arrangement. At December 31, 2008, this facility was fully drawn.

On November 20, 2008, Trican's Russian subsidiary entered into a US$20 million demand revolving facility with a large international bank. This facility is unsecured, bears interest at LIBOR plus a premium, as determined by the bank, plus 2.75% and has been guaranteed by the Company. At December 31, 2008, this facility was fully drawn.

On December 17, 2008, the Company's $30 million (or US dollar equivalent) demand revolving facility with a Canadian chartered bank was increased to $35 million and bears interest at Bank Prime plus 0.5% to 1.25% or at LIBOR plus 1.5% to 2.25%, dependent on certain financial ratios maintained by the Company. The facility is unsecured, due on demand and is subject to financial and non-financial covenants that are typical of this type of arrangement. At December 31, 2008, nil was drawn on this facility (2007 – $15.6 million).

As at March 4, 2009, Trican had 125,562,767 common shares and 8,569,865 employee stock options outstanding.

ACCOUNTING POLICY CHANGES

Inventories

Effective January 1, 2008, the Company adopted the Canadian Institute of Chartered Accountants ("CICA") section 3031, "Inventories," which replaced CICA section 3030 of the same name. This section provides new guidance on the recognition, measurement, and disclosure of inventories which include: the elimination of the LIFO method of accounting for inventory; the requirement to measure inventories at the lower of cost and net realizable value; the reversal of previous write-downs to net realizable value when there is a subsequent increase in the value of inventories; and the inclusion of spare parts inventory not consumed as part of the regular maintenance program as property and equipment. In addition, disclosure requirements have been enhanced. Inventory policies, carrying amounts, amounts recognized as an expense, write-downs and the reversals of write-downs are now required to be disclosed. The revised guidance requires the Company to determine the proportion of the spare parts inventories that are not consumed as part of regular maintenance and include as property and equipment.

Financial Instruments

Effective January 1, 2008, the Company adopted CICA section 3862, "Financial Instruments -Disclosures" and CICA section 3863, "Financial Instruments - Presentation," which replaced CICA section 3861, "Financial Instruments - Disclosure and Presentation." Section 3862 outlines the disclosure requirements for financial instruments and non-financial derivatives. This guidance prescribes an increased importance on risk disclosures associated with recognized and unrecognized financial instruments and how such risks are managed. Specifically, section 3862 requires disclosure of the significance of financial instruments on the Company's financial position. In addition, the guidance outlines revised requirements for the disclosure of qualitative and quantitative information regarding exposure to risks arising from financial instruments. The presentation requirements under section 3863 are relatively unchanged from section 3861.

Capital Management Disclosures

Effective January 1, 2008, the Company adopted CICA section 1535, "Capital Disclosures." This new guidance requires disclosure about the Company's objectives, policies and processes for managing capital. These disclosures include a description of what the Company manages as capital, the nature of externally imposed capital requirements, how the requirements are incorporated into the Company's management of capital, whether the requirements have been complied with, or consequence of noncompliance and an explanation of how the Company is meeting its objectives for managing capital. In addition, quantitative disclosures regarding capital are required.

CRITICAL ACCOUNTING ESTIMATES

The Company prepares its consolidated financial statements in accordance with Canadian Generally Accepted Accounting Principles. In doing so, management is required to make various estimates and judgments in determining the reported amounts of assets and liabilities, revenues and expenses, as well as the disclosure of commitments and contingencies. Management bases its estimates and judgments on its

own experience and various assumptions believed to be reasonable under the circumstances. Anticipating future events cannot be done with certainty; therefore, these estimates may change as new events occur, more experience is acquired or the Company's operating environment changes. The accounting estimates believed to require the most difficult, subjective or complex judgments and which are material to the Company's financial reporting results are as follows:

Allowance for Doubtful Accounts Receivable

Trican evaluates its accounts receivable through a continuous process of assessing its portfolio on an individual customer and overall basis. This process consists of a thorough review of historical collection experience, current aging status of the customer accounts, financial condition of the Company's customers, and other factors. Based on its review of these factors, it establishes or adjusts allowances for specific customers as well as general provisions if industry conditions warrant. This process involves a high degree of judgment and estimation and frequently involves significant dollar amounts. Accordingly, the Company's results of operations can be affected by adjustments to the allowance due to actual write-offs that differ from estimated amounts.

Impairment of Long-Lived Assets

Long-lived assets include property and equipment and intangible assets. Property and equipment is tested for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. Intangible assets are tested for impairment annually, or more frequently as circumstances require. An impairment loss is recognized when the carrying amount of the assets exceeds the sum of the undiscounted cash flows expected to result from its use and eventual disposition. Estimates of undiscounted future net cash flows are calculated using estimated future job count, sales prices, operating expenditures and other costs. These estimates are subject to risk and uncertainties, and it is possible that changes in estimates could occur which may impact the expected recoverability of the Company's assets.

To test for and measure impairment, assets are grouped at the lowest level for which identifiable cash flows are largely independent. The four lowest asset groupings for which identifiable cash flows are largely independent are Canadian Operations, Russian Operations, US Operations and the Corporate division.

The procedures and estimates used by management to determine the future recoverability of these assets resulted in a write-off of $0.9 million to intangible assets. The write-off related to licenses recorded within the Canadian operating division.

Impairment of Loans

Other assets include a $24.1 million interest bearing first mortgage real estate loan to an unrelated third party. This loan is tested for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the assets exceeds the sum of the discounted expected future cash flows inherent in the loan. When the amounts and timing of future cash flows cannot be estimated with reasonable reliability, the fair value of the property securing the loan is estimated and compared to carrying value of the loan. The fair value of the property is estimated by considering historical revenue and expenses generated by the property. These estimates are subject to risk and uncertainties, and it is possible that changes in estimates could occur which may impact the expected recoverability of the Company's assets.

The procedures and estimates used by management to assess the carrying value of the loan resulted in a write-down of US$15.1 million (CAD $18.5 million) for the year ended December 31, 2008. The conditions that led to this impairment were weakened industry activity largely attributable to low North American natural gas prices, excess equipment capacity in the U.S. and a weakening U.S. economy. These changes in economic conditions indicated that there had been deterioration in the credit quality of the unrelated third party and the fair value of the loan security.

Goodwill Impairment

Goodwill represents the excess of purchase price for companies acquired over the fair market value of the acquired Company's net assets. Goodwill is allocated as of the date of the business combination to the Company's reporting units that are expected to benefit from the synergies of the business combination. Goodwill is tested for impairment at least annually.

The impairment test is carried out in two steps. In the first step, the carrying amount of the reporting unit is compared with its fair value. When the fair value of a reporting unit exceeds its carrying amount, goodwill of

the reporting unit is considered not to be impaired and performance of the second step of the impairment test is unnecessary. The second step compares the implied fair value of the reporting unit's goodwill with its carrying amount to measure the amount of the impairment loss, if any. Assumptions utilized to determine the fair value of each reporting unit are estimated future job count, sales prices, operating expenditures and other costs as well as various earnings multiples. These estimates are subject to risk and uncertainties, and it is possible that changes in estimates could occur which may impact the impairment of goodwill.

As at December 31, 2008, the Company recorded a goodwill impairment of $180 million relating to the acquisition of Liberty. The conditions which precipitated the goodwill impairment were weakened industry activity largely attributable to low North American natural gas prices, excess equipment capacity in the U.S. and a weakening U.S. economy. The weakened industry activity combined with sand supply issues first reported in 2007 has resulted in a deterioration of the financial results within the U.S. operating division. The weak industry activity environment is expected to continue at least into the near term. The culmination of these conditions has decreased the fair value of the Company's U.S operations and as a result, management determined that goodwill was impaired at December 31, 2008.

Depreciation and Amortization of Property and Equipment
Depreciation and amortization is calculated using the straight-line method over the estimated useful life of the asset. Management bases the estimate of the useful life and salvage value of equipment on expected utilization, technological change and effectiveness of maintenance programs. Although management believes the estimated useful lives and salvage values of the Company's equipment are reasonable, they cannot be certain that depreciation and amortization expense measures with precision the true reduction in value of assets over time. There have been no significant changes to the estimated useful lives of the Company's property and equipment during the past two years.

Income Taxes
The Company follows the asset and liability method of accounting for income taxes. Under this method, the Company records future income taxes for the effect of any difference between the accounting and income tax basis of an asset or liability, using the substantively enacted tax rates. Valuation allowances are established to reduce future tax assets when it is more likely than not that some portion or all of the future tax asset will not be realized. Estimates of future taxable income and the continuation of ongoing prudent tax planning arrangements have been considered in assessing the utilization of available tax losses. Changes in circumstances and assumptions may require changes to the valuation allowances associated with the Company's future tax assets.

Inventory Obsolescence
Inventories are regularly reviewed and provisions for obsolete inventory are established based on historical usage patterns and known changes to equipment or processes that would render specific items no longer usable in operations. Significant or unanticipated changes in business conditions could affect the amount and timing of any additional provision for obsolete inventory that may be required

FINANCIAL INSTRUMENTS

Fair values of financial assets and liabilities
The fair values of cash and short-term deposits, accounts receivable, accounts payable and accrued liabilities included in the consolidated balance sheets, approximate their carrying amount due to the short-term maturity of these instruments. Long-term debt, including the current portion, has a fair value of approximately $216.4 million as at December 31, 2008 (December 31, 2007 - $187.7 million). The bank loans approximate their carrying amount due to the variable interest rates applied to these loans. The fair value of the loan to an unrelated third party included in other assets approximates carrying value based on an assessment made by management.

Market risk
Market risk, the risk that the fair value or future cash flows of financial assets or liabilities will fluctuate due to movements in market rates, is comprised of the following:

Interest rate risk
The Company partially mitigates its exposure to interest rate changes by maintaining a mix of both fixed and floating rate debt. An increase or decrease in interest expense for each one percent change in interest rates on floating rate debt would have amounted to $1.6 million for the year ended December 31, 2008.

Foreign exchange rate risk
As the Company operates primarily in North America and Russia, fluctuations in the exchange rate between the U.S. dollar/Canadian dollar and Russian ruble/Canadian dollar can have a significant effect on the operating results and the fair value or future cash flows of the Company's financial assets and liabilities.

Canadian entities are exposed to currency risk on foreign currency denominated financial assets and liabilities with adjustments recognized as foreign exchange gains and/or losses in the consolidated statement of operations.

Foreign entities with a domestic functional currency expose the Company to currency risk on the translation of these entities' financial assets and liabilities to Canadian dollars for consolidation. For instance, our operations in Russia have a ruble functional currency, and adjustments arising when translating this foreign entity into Canadian dollars are reflected in the consolidated statements of other comprehensive income as unrealized gains or losses on translating financial statements of self-sustaining foreign operations.

Foreign entities are exposed to currency risk on financial assets and liabilities denominated in currencies other than their functional currency with adjustments recognized in the consolidated statement of operations. For instance, our operation in Russia whose functional currency is the ruble will incur foreign exchange gains and/or losses on financial assets and liabilities denominated in currencies other than the ruble.

As at and for the year ending December 31, 2008, the Company does not have an active hedging program. The Company manages risk to foreign currency exposure by monitoring financial assets and liabilities denominated in foreign currency and foreign currency rates on an on-going basis. Exposures to the U.S Dollar and Russian ruble are mitigated by on-going operations within foreign entities as assets, liabilities, revenue and expenses are denominated primarily in local currencies. The Company also mitigates exposure to fluctuations in the U.S. Dollar by maintaining a mix of both Canadian and U.S. dollar debt.

For the year ended December 31, 2008, fluctuations in the value of foreign currencies would have had the following impact on net income and other comprehensive income:

(stated in thousands of dollars)	**Impact to Net Income**	**Impact to Other Comprehensive Income**
1% increase in the value of the U.S. dollar	(434)	3,516
1% decrease in the value of the U.S. dollar	434	(3,516)
1% increase in the value of the Russian ruble	1,349	889
1% decrease in the value of the Russian ruble	(1,349)	(889)

Credit risk
Credit risk refers to the possibility that a customer or counterparty will fail to fulfill its obligations and as a result, create a financial loss for the Company.

Customers
The Company's accounts receivables are predominantly with customers who explore for and develop natural gas and petroleum reserves and are subject to normal industry credit risks that include fluctuations in oil and natural gas prices and the ability to secure adequate debt or equity financing. The Company assesses the credit worthiness of its customers on an ongoing basis as well as monitoring the amount and age of balances outstanding. Accordingly, the Company views the credit risks on these amounts as normal for the industry. The carrying amount of accounts receivable represents the maximum credit exposure on this balance.

Payment terms with customers vary by region and contract; however, standard payment terms are 30 days from invoice date. Historically, industry practice allows for payment up to 70 days. The Company considers its accounts receivable at December 31, 2008 excluding doubtful accounts to be aged as follows:

(Stated in thousands)	December 31, 2008
Current (0 - 30 days from invoice date)	$123,462
1 - 30 days past due	77,144
31 - 60 days past due	23,285
Greater than 60 days past due	12,181
Total	**$236,072**
Provision for doubtful accounts	**4,436**

The Company's allowance for doubtful accounts increased $2.8 million compared to December 31, 2007. The Company's objectives, processes and policies for managing credit risk have not changed from the previous year.

Counterparties

Counterparties to financial instruments expose the Company to credit losses in the event of non-performance. Counterparties to cash transactions are limited to high credit quality financial institutions. The Company does not anticipate non-performance that would materially impact the Company's financial statements.

Liquidity risk

Liquidity risk is the risk the Company will encounter difficulties in meeting its financial liability obligations. The Company manages its liquidity risk through cash and debt management, which includes monitoring forecasts of the Company's cash and cash equivalents and borrowing facilities on the basis of projected cash flow. This is generally carried out at the geographic region level in accordance with practices and policies established by the Company.

In managing liquidity risk, the Company has access to a wide range of funding at competitive rates through capital markets and banks. As at December 31, 2008, the Company had available unused committed bank credit facilities in the amount of $35.0 million plus cash, accounts receivable, and income tax recoverable of $56.3 million, $231.6 million and $12.6 million, respectively, for a total of $335.5 million available to fund the cash outflows relating to its financial liabilities. The Company believes it has sufficient funding through the use of these sources to meet foreseeable borrowing requirements.

The timing of cash outflows relating to financial liabilities are outlined in the table below:

(Stated in thousands)	Less than 1 year	1 to less than 3 years	3 to less than 5 years	Greater than 5 years	Total
Bank loans	$61,230	$-	$-	$-	**$61,230**
Accounts payable	117,450	-	-	-	**117,450**
Deferred consideration	1,572	1,572	-	-	**3,144**
Dividend payable	6,278	-	-	-	**6,278**
Long-term debt	-	120,000	30,615	91,845	**242,460**
	$186,530	$121,572	$30,615	$91,845	**$430,562**

BUSINESS RISKS

The activities we undertake involve a number of risks and uncertainties inherent in the industry, some of which are summarized below. Additional risks and uncertainties that our management may be unaware of, or that they determine to be immaterial may also become important factors which affect us.

The current global credit crisis and economic recession are meaningfully impacting Trican's business. Trican has a conservative 2009 capital budget that will continue to be monitored and adjusted as customer demand decreases or increases. Management is focused on cost control to ensure that our cost structure is effectively managed. Trican's strong financial position and management focus should allow the Company to respond well to the current market uncertainty. Further details regarding specific risks arising from the current global credit crisis and economic recession as well as other factors are provided below.

Oil and Natural Gas Prices
The demand for Trican's services is largely dependent upon the level of expenditures made by oil and gas companies on exploration, development and production activities. The price received by our customers for the crude oil and natural gas they produce has a direct impact on cash flow available to them to purchase services provided by Trican. As crude oil and natural gas sales are based primarily on U.S. dollar priced indices, movement of the Canadian dollar and Russian ruble relative to their U.S. counterpart will also have an impact on the cash flow available to our customers to acquire services. Exploration, development and production activities are also influenced by a number of factors including taxation and regulatory changes, access to pipeline capacity and changes in equity markets. Demand for crude oil and natural gas is also strongly influenced by a number of factors including the weather, geopolitical factors and the strength of the global economy.

Cyclical or Seasonal Nature of Industry
The well service industry is characterized by considerable seasonality, especially in Canada. The first calendar quarter is the most active in the well service industry, the second quarter is the least active, and the third and fourth quarters typically reflect increasing activity over the preceding quarter. During the second quarter, when the frost leaves the ground in the spring, many secondary roads are temporarily rendered incapable of supporting the weight of heavy equipment, which results in severe restrictions in the level of well servicing activity. The duration of this period, commonly referred to as the "spring break-up", has a direct impact on the level of our activities, particularly in Canada. Spring break-up, which generally occurs between March and May, is typically the slowest period of activity for us.

During other periods of the year, rainfall can also render some of the secondary and oilfield service roads impassable for the Company's equipment. These factors can all reduce activity levels below normal or anticipated levels.

Furthermore, fluctuations in oil and natural gas prices can produce periods of high and low demand for well services. During periods of low commodity prices, when the cash flow of our customers is restricted, demand for our services may also be reduced. Conversely, during periods of high commodity prices, when the cash flow of our customers increases, the demand for our services may increase.

Competitive Conditions
The oilfield services market is highly competitive. The competitors in the well service market in both Canada and Russia include B.J. Services Ltd., Halliburton Energy Services, Schlumberger Incorporated, Calfrac Well Services Ltd. as well as other domestic companies in the markets in which we operate.

Although we believe that we are continuing to build market share and have a significant presence in respect of all of our services, we do not currently hold a dominant market position with respect to any of the services we offer in any of the markets in which we operate.

Customers
Customers are typically invoiced for our services in arrears. As a result, we are subject to our customers delaying or failing to pay our invoices. During times of weak economic conditions, the risk of increased payment delays and failure to pay increases due to a reduction in customer's cash flow and challenges relating to their ability to access debt and equity markets among other factors. In addition, there is an increased risk associated with customers in Russia, Kazakhstan and Algeria as a result of those countries' significant exposure to falling oil and natural gas prices.

Financial Institutions
An increasing number of financial institutions and insurance companies have reported a significant deterioration in their financial condition. At this point in time, we have had no indication that our lenders, insurers and other financial institutions will be unable to fulfill their obligations under our various credit agreements, insurance policies and contracts. However if, in the future, any of our significant financial institutions were unable to perform under such arrangements, and if we were unable to find suitable replacements at a reasonable cost, our results from operations, liquidity and cash flows could be adversely impacted.

Risks of Foreign Operations

The Company's areas of operations include Russia, Kazakhstan and Algeria, where the political and economic systems differ from those of North America. Operations in these countries may be subject to a variety of risks including, but not limited to: currency fluctuations, devaluations and exchange controls; inflation; uncertain political and economic conditions resulting in unfavourable government actions such as unfavourable legislation or regulation, trade restrictions, unfavourable tax enforcement or adverse tax policies; the denial of contract rights; and social unrest, acts of terrorism or armed conflict. To attempt to mitigate these risks, the Company has hired employees who have extensive experience in the international marketplace supplemented with local qualified staff.

Foreign Exchange Exposure

Trican's consolidated financial statements are presented in Canadian dollars. The reported results of our foreign subsidiary operations are affected primarily by the movement in exchange rates between the Canadian and United States dollar and Russian ruble. Trican's Canadian operations include exchange rate exposure as purchases of some equipment and materials are from United States suppliers. When acquiring Liberty, we took on United States dollar denominated debt which acts as a partial hedge against this investment. Other than natural hedges that arise from day-to-day operations, the Company does not maintain an active hedge program.

Importance of Intangible Property

When providing services, we rely on trade secrets and know-how to maintain our competitive position and where possible, we undertake to protect our intellectual property by applying for patent protection. There is currently one patent issued to Trican for a specialized fracturing fluid. There are also currently 12 patents pending. These pending patents consist of five on new fluid systems for fracturing, suspending sands, and proppant flowback prevention, one on a new unconventional gas fracturing technique, five on coiled tubing tools and techniques related to high pressure jetting technology, shallow gas fracturing and wellbore dewatering and one regarding an innovative technique for fracturing multiple intervals in horizontal wellbores with coiled tubing. We have also negotiated exclusive Canadian licenses to utilize new and innovative technologies in relation to our cementing services for pulsation technology, and coiled tubing services related to reverse circulation drilling.

Government Regulation

Our operations, and those of our customers, are subject to a variety of federal, provincial, state and local laws, regulations and guidelines, including laws and regulations related to health and safety, the conduct of operations, the manufacture, management, transportation and disposal of certain materials used in our operations. Trican believes it is in compliance with such laws and regulations and has invested financial and managerial resources to ensure such compliance. Such expenditures historically have not been material to Trican. However, because such laws and regulations are subject to change it is impossible for Trican to predict the cost or impact of such laws and regulations on our future operations, nor their impact on our customers' activities and thereby on the demand for our services.

On January 1, 2009, the Alberta government's new royalty regime came into effect. The new royalty regime includes new royalty formulas for conventional oil and natural gas that will operate on sliding scales that are determined by commodity prices and well productivity. As a result of the recent enactment of the new royalty regime and the information currently available, it is not possible to predict the impact on the Corporation and its operations and financial condition at this time.

Operating Risks and Insurance

Trican's operations are subject to hazards inherent in the oil and gas service industry, such as equipment defects, malfunctions and failures, and natural disasters which result in fires, vehicle accidents, explosions and uncontrollable flows of natural gas or well fluids that can cause personal injury, loss of life, suspension of operations, damage to formations, damage to facilities, business interruptions, and damage to or destruction of property and equipment. These hazards could expose Trican to liability for personal injury, wrongful death, property damage and other environmental damages. Trican continuously monitors its activities for quality control and safety and maintains insurance coverage it believes to be adequate and customary in the industry; however, such insurance may not be adequate to cover Trican's liabilities and may not be available in the future at rates Trican considers reasonable and commercially justifiable.

Environmental Protection

We and others in the well service industry are subject to various environmental laws and regulations enacted in most jurisdictions in which we operate. These laws and regulations primarily govern the manufacture, processing, importation, transportation, handling and disposal of certain materials used in our operations. We believe that we are currently in compliance with such laws and regulations. Our customers are subject to similar laws and regulations, as well as limits on emissions into the air and discharges into surface and sub-surface waters. While regulatory developments that may follow in subsequent years could have the effect of reducing industry activity, we cannot predict the nature of the restrictions that may be imposed. We may be required to increase operating expenses or capital expenditures in order to comply with any new restrictions or regulations.

Historically, environmental protection requirements have not had a significant financial or operational effect on our capital expenditures, earnings or competitive position. Environmental protection requirements are not presently anticipated to have a significant effect on such matters in 2009 or in the future.

The services provided by the Company, in some cases, involve flammable products being pumped under high pressure. To address these risks, Trican has developed and implemented safety and training programs. In addition, a comprehensive insurance and risk management program has been established to protect the Company's assets and operations. Trican also complies with current environmental requirements and maintains an ongoing participation in various industry-related committees and programs.

Availability of Qualified Staff

The Company's ability to provide reliable service is dependent upon attracting and retaining skilled workers. The Company attempts to overcome this by offering an attractive compensation package and training to enhance skills and career prospects.

Sources, Pricing and Availability of Raw Materials and Component Parts

We source our raw materials, such as oilfield cement, proppant, nitrogen, carbon dioxide and coiled tubing, from a variety of suppliers, most of whom are located in Canada, Russia and the United States. Alternate suppliers exist for all raw materials.

The source and supply of materials has been consistent in the past; however, in periods of high industry activity, Trican has experienced periodic shortages of certain materials. Management maintains relationships with a number of suppliers in attempt to mitigate this risk. However, if the current suppliers are unable to provide the necessary materials, or otherwise fail to deliver products in the quantities required, any resulting delays in the provision of services to our clients could have a material adverse effect on our results of operations and our financial condition.

Equipment and Parts Availability

The Company's ability to expand its operations and provide reliable service is dependent upon timely delivery of new equipment and replacement parts from fabricators and suppliers. A lack of skilled labour to build equipment, combined with new competitors entering the oilfield service sector, is placing a strain on some fabricators. This has substantially increased the order time on new equipment and increased uncertainty surrounding final delivery dates. Significant delays in the arrival of new equipment from expected dates may constrain future growth and the financial performance of the Company. The Company attempts to mitigate this risk by maintaining strong relations with key fabricators and suppliers.

Merger and Acquisition Activity

Merger and acquisition activity in the oil and gas exploration and production sector may constrain demand for the Company's services as customers focus on reorganizing the business prior to committing funds to exploration and development projects. Further, the acquiring company may have preferred supplier relationships with oilfield service providers other than Trican.

Kyoto Protocol

In December 2002, the Government of Canada ratified the Kyoto Protocol ("Protocol"). The Protocol calls for Canada to reduce its greenhouse gas emissions to certain target levels during the period between 2008 and 2012, and to meet further targets beyond 2012. When the Government of Canada implements the Protocol, it is expected to affect the operation of all industries in Canada, including the well service industry and its

customers in the oil and natural gas industry. As details of implementation of this Protocol have yet to be announced, the effect on our operations cannot be determined at this time. On February 14, 2007, a private member's bill was passed by the Canadian House of Commons requiring the Government to set out its plan to meet Kyoto targets within 60 days. On April 26, 2007, the Federal Government released its Action Plan to Reduce Greenhouse Gases and Air Pollution (the "Action Plan") also known as ecoACTION which includes the regulatory framework for air emissions. This Action Plan covers not only large industry, but regulates the fuel efficiency of vehicles and the strengthening of energy standards for a number of energy using products. The Government of Canada and the Province of Alberta released on January 31, 2008 the final report of the Canada-Alberta ecoENERGY Carbon Capture and Storage Task Force, which recommends, among others: (i) incorporating carbon capture and storage into Canada's clean air regulations; (ii) allocating new funding into projects through competitive process; and targeting research to lower the cost of technology.

Given the evolving nature of the debate related to climate change and the control of greenhouse gases and resulting requirements, it is not currently possible to predict either the nature of those requirements or the impact on the Corporation and its operations and financial condition at this time.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Disclosure Controls and Procedures

An evaluation was performed under the supervision and with the participation of the Company's management, including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), of the effectiveness of the design and operation of the Company's disclosure controls and procedures, as defined in National Instrument 52-109. Based on that evaluation, the Company's management, including the CEO and CFO, concluded that the Company's disclosure controls and procedures were designed to provide a reasonable level of assurance over disclosure of material information, and are effective as of December 31, 2008.

Management's Report on Internal Control over Financial Reporting

The Company's management, including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), have assessed and evaluated the design and effectiveness of the Company's internal control over financial reporting as defined in National Instrument 52-109 as of December 31, 2008. In making this assessment, the Company used the criteria established by the Committee of Sponsoring Organizations (COSO) in the "Internal Control-Integrated Framework." These criteria are in the areas of control environment, risk assessment, control activities, information and communication, and monitoring. The Company's assessment included documentation, evaluation, and testing of its internal control over financial reporting. Based on that evaluation, the Company's management concluded that the Company's internal controls over financial reporting are effective and provide reasonable assurance regarding the reliability of the Company's financial reporting and its preparation of financial statements for external purposes in accordance with Canadian Generally Accepted Accounting Principles, and are effective as of December 31, 2008.

Internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, internal control over financial reporting determined to be effective can provide only reasonable assurance with respect to financial statement preparation and may not prevent or detect all misstatements.

Changes in Internal Controls over Financial Reporting during Q4

There were no changes in our internal control over financial reporting during the last quarter of the year ended December 31, 2008 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

INTERNATIONAL FINANCIAL REPORTING STANDARDS UPDATE

The Canadian Accounting Standards Board has confirmed that use of International Financial Reporting Standards (IFRS) will be required for years beginning on or after January 1, 2011 for profit-oriented publicly accountable entities. Therefore, the Company must be in a position to report its results and comparatives in accordance with IFRS beginning January 1, 2011.

The Company has established a project plan to convert to IFRS. The project plan consists of three phases: impact assessment, detailed assessment and design, and implementation. With the assistance of external

• Despite Canadian activity being hampered by bearish North American natural gas prices, excess equipment capacity and unfavorable royalty changes introduced by the Government of Alberta, results for the fourth quarter reflect a strong year-over-year improvement in Trican's Canadian operations. Activity in Canada benefited from heightened interest in unconventional natural gas plays in Northeastern British Columbia and Northwestern Alberta where work performed in these areas requires more fracturing services than traditional Western Canadian Sedimentary Basin well completions.

Q3 – 2008
• Trican delivered improved operating results in all geographic regions in the third quarter of 2008.
• Activity in Canada benefited from heightened interest in unconventional natural gas plays in Northeastern British Columbia and Northwestern Alberta, and in oil prospects in southern Saskatchewan.
• In the United States, financial results improved late in the quarter when the Company regained work lost early in the year due to sand supply disruptions.
• Despite inflationary and pricing pressure in Russia, financial results in that region benefited from higher equipment utilization, some positive outcomes from mid-year pricing reviews, and implementation of cost control measures.
• Trican recognized a $7.6 million foreign exchange loss in the third quarter of 2008. Of this foreign exchange loss, $6.0 million results from advances to foreign subsidiaries. The offsetting gain on this intercompany advance was reflected in the change of Accumulated Other Comprehensive Income on our Balance Sheet.

Q2 – 2008
• Results for the second quarter reflected a strong year-over-year recovery in Trican's Canadian operations, weaker year-over-year results from our U.S. operations, and continued challenging conditions for our Russian operations.
• Activity in Canada was impacted by spring break-up which extended later than usual. However, strength in North American natural gas prices over the first half of the year resulted in a surge in activity late in the quarter.
• Our U.S. operations improved relative to the first quarter of 2008, but continued to face stiff price competition, as we worked to recover market share lost early in the year due to limited availability of fracturing sand.
• Activity in Russia was impacted by seasonal slow downs, but less significantly than typically experienced in Canada. Additional fracturing and cementing capacity relative to last year as well as the introduction of coiled tubing services drove higher levels of activity in the quarter.

Q1 – 2008
• Results for the first quarter reflect stronger than expected activity from the Company's Canadian operations combined with weaker than expected results from its Russian and US operations.
• Activity in Canada fell relative to the prior year but exceeded the Company's expectations heading in to the winter drilling season.
• The Company's US operations continued to be hampered by a shortage of fracturing proppant and faced increasing competition
• Russian operations achieved strong growth in activity during the quarter relative to the same period in 2007 but struggled with higher than expected cost inflation and project start-up delays.

Q4 – 2007
• Results for the quarter reflect increased equipment capacity and strong demand for services for our Russian operations, expansion into the United States, and a sharp reduction in demand for our services and the resultant increased pricing pressure.
• United States operations were significantly impacted by a shortage of high quality fracturing proppant. This shortage forced the cancellation of jobs and increased the cost of sand purchased.
• The Company opened its third operating base in Searcy, Arkansas where a sixth fracturing crew was added to support demand from the Company's existing customer base.
• The Company performed its first pumping operation in Hassi Messaoud, Algeria on October 3, 2007 and is encouraged by the potential to provide additional services to this active market.
• A reduction to the tax provision, as a result of announced reductions in the Federal and Provincial corporate tax rates for our Canadian operations, enhanced results during the quarter. The tax provision for the quarter was reduced by $6.7 million, which increased net income per share by $0.05.

Q3 – 2007

• Revenue for the quarter fell from the same period last year as record revenue from Russian operations and a strong contribution from United States operations were not able to entirely offset the decline in Canadian activity.

• A tenth fracturing crew and a sixth twin-cementer transferred from Canadian to Russian operations combined with strong demand for services generated revenue and job records.

• Two deep coiled tubing units that were added to broaden our service offering and expand work with a key customer were not operational in the quarter due to delays related to unit registration.

Q2 – 2007

• Another record breaking quarter for our Russian operations and the inclusion of the first full quarter results from our acquisition of Liberty more than offset the continued reduction of activity in Canada compared to the prior year.

• Demand for services during our first full quarter of operations in the United States was strong; however, heavy rains experienced in June reduced activity levels and operating results.

• The Company was awarded a multi-year contract to provide coiled tubing services in the Krasnyorsk region of Siberia. The three-year contract, which was awarded by JSC Vankorneft, a Rosneft company, is expected to generate approximately $US 45.0 million of revenue over the life of the contract. The project, which is expected to commence early in 2008, will be the Company's first project in the Eastern Siberia Basin.

• The Company was awarded a contract with First Calgary Petroleums Ltd. to provide coiled tubing, nitrogen and acidizing services in Algeria. This project represents Trican's first operations in Africa. The Company is very excited about the potential for our services in this new market and our association with First Calgary Petroleums Ltd.

• On June 21, 2007, the Company entered into an agreement with institutional investors in the United States providing for the issuance, by way of private placement, of $U.S. 100.0 million of Senior Unsecured Notes. Proceeds of the debt issue were used to fully repay the $U.S. 90.0 million Bridge Credit Facility which was used to temporarily finance a portion of the Liberty acquisition, with the remainder utilized for general corporate purposes.

• Nefteyugansk fracturing crews completed two large hydraulic fracturing treatments, one for 704-tonne and a new record 860-tonne treatment. The latter is the largest fracturing treatment ever undertaken by Trican and we believe the largest treatment undertaken in Russia.

Q1 – 2007

• Results for the quarter reflect the continued growth of our Russian operations combined with our recent acquisition of Liberty. These positive developments were partially offset by lower demand for our services in Canada.

• Trican completed the acquisition of Liberty, a provider of pressure pumping services in Texas. Liberty is headquartered in Denton, Texas and provides fracturing stimulation services principally in the Barnett Shale play of north-central Texas. This acquisition provided Trican with a strong platform from which to expand into the U.S. pressure pumping market. Liberty operates five fracturing crews from bases in Springtown and Longview, Texas.

• The Company established a $U.S. 90.0 million ($103.8 million) temporary non-revolving Bridge Credit Facility to finance the acquisition of Liberty.

• The Company was awarded a new three year contract by Yuganskneftegaz, a subsidiary of Rosneft, for the provision of hydraulic fracturing services in the Priobskoye oilfield in the Khanty-Mansiysk region of Western Siberia. This contract, which is estimated to be worth approximately $U.S. 210 to $U.S. 250 million in revenue over its life, is an important milestone for the Company and further establishes a strategic relationship on which to base future growth.

• The Company established a new operating facility in Perm, a city in the Volga-Urals basin in Russia, where we provide services to our customers working over existing wells.

• The Company acquired all of the shares of CBM Solutions Ltd. Headquartered in Calgary Alberta, CBM Solutions specializes in the provision of geological and engineering services for unconventional gas wells, including gas content analysis, reservoir characterization and consulting services for coalbed methane and shale gas wells.

• The Company established a $30.0 million (or $U.S. equivalent) demand Operating Credit Facility, replacing the previous $15.0 million Operating Credit Line. In addition, the Company replaced its $25.0 million revolving equipment and acquisition line during the quarter with a three year extendible revolving Acquisition

and Capital Expenditure Credit Facility Agreement, under which the bank will make available to the Company an amount up to $70.0 million (or $U.S. equivalent).

NON-GAAP DISCLOSURE

Adjusted net income does not have a standardized meaning prescribed by GAAP and therefore may not be comparable to similar measures presented by other issuers. The following is a reconciliation of adjusted net income, as used in this MD&A, to net income, being the most directly comparable measure calculated in accordance with GAAP. The reconciling items have been presented net of tax.

	Three months ended		Year ended	
	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2008	Dec. 31, 2007
Adjusted net income	39,639	21,436	73,278	124,547
Deduct:				
Goodwill impairment	114,658	-	114,658	-
Other asset impairment	16,063	-	16,063	-
Stock-based compensation expense	3,530	3,282	12,269	12,730
Intangible asset impairment	686	-	686	-
Net (loss)/income (GAAP financial measure)	(95,298)	18,154	(70,398)	111,817

Other non-GAAP measures include operating income and funds provided by operations. A calculation of operating income is shown in the consolidated statements of operations and funds provided by operations is shown in the consolidated cash flow statements.

FORWARD-LOOKING STATEMENTS

This document contains statements that constitute forward-looking statements within the meaning of applicable securities legislation. These forward-looking statements include, among others, the Company's prospects, expected revenues, expenses, profits, expected developments and strategies for its operations, and other expectations, beliefs, plans, goals, objectives, assumptions, information and statements about possible future events, conditions, results of operations or performance. These forward-looking statements are identified by their use of terms and phrases such as "anticipate," "achieve", "achievable," "believe," "estimate," "expect," "intend", "plan", "planned", and other similar terms and phrases. Forward-looking statements are based on current expectations, estimates, projections and assumptions that involve a number of risks and uncertainties, which could cause actual results to differ materially from those anticipated. These risks and uncertainties include: fluctuating prices for crude oil and natural gas; changes in drilling activity; general global economic, political and business conditions; weather conditions; regulatory changes; and availability of products, qualified personnel, manufacturing capacity and raw materials. If any of these uncertainties materialize, or if assumptions are incorrect, actual results may vary materially from those expected.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of Trican Well Service Ltd. is responsible for the preparation and integrity of the accompanying consolidated financial statements and all other information contained in this Annual Report. The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in Canada and include amounts that are based on management's informed judgments and estimates where necessary.

The Company maintains internal accounting control systems which are adequate to provide reasonable assurance that assets are safeguarded, transactions are executed in accordance with management's authorization and accounting records are reliable as a basis for the preparation of the consolidated financial statements.

The Board of Directors, through its Audit Committee, monitors management's financial and accounting policies and practices and the preparation of these financial statements. The Audit Committee meets periodically with external auditors and management to review the work of each and the propriety of the discharge of their responsibilities. Specifically, the Audit Committee reviews with management and the external auditors the financial statements and annual report of the Company prior to submission to the Board of Directors for final approval. The external auditors have full and free access to the Audit Committee to discuss auditing and financial reporting matters.

The shareholders have appointed KPMG LLP as the external auditors of the Company and, in that capacity, they have examined the financial statements for the periods ended December 31, 2008 and 2007. The Auditors' Report to the shareholders is presented herein.

SIGNED "MURRAY L. COBBE"
MURRAY L. COBBE
PRESIDENT AND CHIEF EXECUTIVE OFFICER

SIGNED "MICHAEL G. KELLY"
MICHAEL G. KELLY
SENIOR VICE PRESIDENT AND CHIEF FINANCIAL OFFICER

March 4, 2009

AUDITOR'S REPORT TO THE SHAREHOLDERS

We have audited the consolidated balance sheets of Trican Well Service Ltd. as at December 31, 2008 and 2007 and the consolidated statements of operations, other comprehensive income, retained earnings and accumulated other comprehensive income and cash flow for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2008 and 2007 and the results of its operations and its cash flows for the years then ended in accordance with Canadian Generally Accepted Accounting Principles.

SIGNED "KPMG LLP"
CHARTERED ACCOUNTANTS
CALGARY, CANADA

March 4, 2009

CONSOLIDATED BALANCE SHEETS

(Stated in thousands of dollars; unaudited) As at December 31,	2008	2007
ASSETS		
Current assets		
Cash and short-term deposits	**$56,281**	$23,370
Accounts receivable	**231,636**	138,226
Income taxes recoverable	**12,599**	5,651
Inventory (note 6)	**107,831**	93,209
Prepaid expenses	**20,062**	15,576
	428,409	276,032
Property and equipment (note 7)	**632,041**	555,104
Intangible assets (note 8)	**38,543**	40,659
Future income tax assets (note 17)	**86,206**	1,070
Other assets (note 9)	**12,185**	8,782
Goodwill (note 10)	**35,556**	167,417
	$1,232,940	$1,049,064
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Bank loans (note 11)	**$61,230**	$15,584
Accounts payable and accrued liabilities	**117,450**	70,529
Deferred consideration (note 12)	**1,572**	2,146
Dividend payable	**6,278**	6,123
	186,530	94,382
Long-term debt (note 13)	**242,460**	188,810
Future income tax liabilities (note 17)	**82,036**	67,531
Deferred consideration (note 12)	**1,572**	4,292
Non-controlling interest (note 5)	**801**	10,380
Shareholders' equity		
Share capital (note 14)	**246,357**	196,165
Contributed surplus	**18,584**	20,675
Retained earnings	**463,276**	546,211
Accumulated other comprehensive income	**(8,676)**	(79,382)
	719,541	683,669
Contractual obligations and contingencies (notes 20 and 22)	**$1,232,940**	$1,049,064

See accompanying notes to the consolidated financial statements.

SIGNED "MURRAY L. COBBE"
MURRAY L. COBBE
DIRECTOR

SIGNED "KEVIN L. NUGENT"
KEVIN L. NUGENT
DIRECTOR

CONSOLIDATED STATEMENTS OF OPERATIONS

(Stated in thousands, except per share amounts, unaudited) Years ended December 31,	2008	2007
Revenue	**$1,016,083**	$836,373
Expenses		
Materials and operating	**780,006**	602,919
General and administrative	**54,285**	38,363
Operating income	**181,792**	195,091
Goodwill impairment	**179,771**	-
Other asset impairment	**18,454**	-
Interest expense on long-term debt and bank loans	**13,782**	8,596
Depreciation and amortization	**93,394**	62,707
Foreign exchange gain	**(5,971)**	(20,512)
Other income	**(2,997)**	(1,356)
(Loss)/income before income taxes and non-controlling interest	**(114,641)**	145,656
Provision for current income taxes (note 17)	**24,369**	66,985
Provision for future income taxes (note 17)	**(68,636)**	(35,802)
(Loss)/income before non-controlling interest	**(70,374)**	114,473
Non-controlling interest	**24**	2,656
Net (loss)/income	**$(70,398)**	$111,817
(loss)/income per share (note 15)		
Basic	**$(0.56)**	$0.93
Diluted	**$(0.56)**	$ 0.91
Dividend per share	**$0.10**	$0.10
Weighted average shares outstanding - basic (note 15)	**124,726**	120,724
Weighted average shares outstanding - diluted (note 15)	**124,726**	123,493

CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME

(Stated in thousands of dollars, unaudited) Years ended December 31,	2008	2007
Net (loss)/income	**$(70,398)**	$111,817
Other comprehensive income		
Unrealized gains/(losses) on translating financial statements of self-sustaining foreign operations	**70,706**	(72,245)
Other comprehensive income	**$308**	$39,572

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS AND ACCUMULATED OTHER COMPREHENSIVE INCOME

(Stated in thousands of dollars, unaudited) Years ended December 31,	2008	2007
Retained earnings, beginning of year	**$546,211**	$446,606
Dividend	**(12,537)**	(12,212)
Net (loss)/income	**(70,398)**	111,817
Retained earnings, end of year	**$463,276**	$546,211
Accumulated other comprehensive income, beginning of year	**$(79,382)**	$(7,137)
Unrealized gains/(losses) on translating financial statements of self-sustaining foreign operations	**70,706**	(72,245)
Accumulated other comprehensive income, end of year	**$(8,676)**	$(79,382)

See accompanying notes to the consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENTS

(Stated in thousands of dollars, unaudited) Years ended December 31,	2008	2007
Cash Provided By (Used In):		
Operations		
Net (loss)/income	**$(70,398)**	$111,817
Charges to income not involving cash:		
Depreciation and amortization	**93,394**	62,707
Future income tax provision	**(68,636)**	(35,802)
Non-controlling interest	**24**	2,656
Stock-based compensation	**12,269**	12,730
Loss / (gain) on disposal of property and equipment	**29**	(19)
Gain on revaluation of deferred consideration	**(1,375)**	-
Realized foreign exchange loss/(gain) from financing activities	**6,482**	(9,270)
Unrealized foreign exchange gain	**(3,767)**	(13,064)
Writedown of goodwill, other assets and intangible assets	**199,152**	-
Funds provided by operations	**167,174**	131,755
Net change in non-cash working capital from operations	**(67,995)**	(927)
Net cash provided by operating activities	**99,179**	130,828
Investing		
Purchase of property and equipment	**(124,383)**	(160,178)
Proceeds from the sale of property and equipment	**221**	238
Purchase of other assets	**(1,319)**	-
Issuance of loan to unrelated third party	**(15,727)**	(8,782)
Business acquisitions, net of cash acquired	**(23,636)**	(256,079)
Net change in non-cash working capital from the purchase of property and equipment	**1,071**	(2,172)
	(163,773)	(426,973)
Financing		
Net proceeds from issuance of share capital	**34,778**	20,837
Net issuance of bank loans	**45,687**	15,584
Issuance of long-term debt	**130,000**	295,610
Repayment of long-term debt	**(100,000)**	(93,397)
Distribution of equity to non-controlling interest holders	**(1,046)**	(427)
Dividend paid	**(12,382)**	(11,849)
	97,037	226,358
Effect of exchange rate changes on cash	**468**	(1,553)
Increase / (decrease) in cash and short-term deposits	**32,911**	(71,340)
Cash and short-term deposits, beginning of year	**23,370**	94,710
Cash and short-term deposits, end of year	**$56,281**	$23,370
Supplemental information		
Income taxes paid	**31,317**	108,659
Interest paid	**13,746**	8,079

See accompanying notes to the consolidated financial statements.

For the years ended December 31, 2008 and 2007

NOTE 1 – NATURE OF BUSINESS AND BASIS OF PRESENTATION

Nature of business

Trican Well Service Ltd. (the "Company") is an oilfield services company incorporated under the laws of the province of Alberta. The Company provides a comprehensive array of specialized products, equipment, services and technology for use in the drilling, completion, stimulation and reworking of oil and gas wells in Canada, Russia, Kazakhstan, the U.S., and Algeria.

Basis of presentation

The financial statements are prepared in accordance with Canadian Generally Accepted Accounting Principles. Management is required to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from these estimates.

NOTE 2 - CHANGES IN ACCOUNTING POLICIES

Inventories

Effective January 1, 2008, the Company adopted the Canadian Institute of Chartered Accountants ("CICA") section 3031, "Inventories," which replaced CICA section 3030 of the same name. This section provides new guidance on the recognition, measurement, and disclosure of inventories which include: the elimination of the LIFO method of accounting for inventory; the requirement to measure inventories at the lower of cost and net realizable value; the reversal of previous write-downs to net realizable value when there is a subsequent increase in the value of inventories; and the inclusion of spare parts inventory not consumed as part of the regular maintenance program as property and equipment. In addition, disclosure requirements have been enhanced. Inventory policies, carrying amounts, amounts recognized as an expense, write-downs and the reversals of write-downs are now required to be disclosed. The revised guidance requires the Company to determine the proportion of the spare parts inventories that are not consumed as part of regular maintenance and include as property and equipment.

Financial Instruments

Effective January 1, 2008, the Company adopted CICA section 3862, "Financial Instruments -Disclosures" and CICA section 3863, "Financial Instruments - Presentation," which replaced CICA section 3861, "Financial Instruments - Disclosure and Presentation." Section 3862 outlines the disclosure requirements for financial instruments and non-financial derivatives. This guidance prescribes an increased importance on risk disclosures associated with recognized and unrecognized financial instruments and how such risks are managed. Specifically, section 3862 requires disclosure of the significance of financial instruments on the Company's financial position. In addition, the guidance outlines revised requirements for the disclosure of qualitative and quantitative information regarding exposure to risks arising from financial instruments. The presentation requirements under section 3863 are relatively unchanged from section 3861. Refer to Note 18, "Financial Instruments - Disclosures" for the additional disclosures under section 3862.

Capital Management Disclosures

Effective January 1, 2008, the Company adopted CICA section 1535, "Capital Disclosures." This new guidance requires disclosure about the Company's objectives, policies and processes for managing capital. These disclosures include a description of what the Company manages as capital, the nature of externally imposed capital requirements, how the requirements are incorporated into the Company's management of capital, whether the requirements have been complied with, or consequence of noncompliance and an explanation of how the Company is meeting its objectives for managing capital. In addition, quantitative disclosures regarding capital are required. Refer to Note 19, "Capital Management Disclosures."

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies used in the preparation of these consolidated financial statements:

Consolidation
These consolidated financial statements include the accounts of the Company and its subsidiaries, all of which, except one (2007: two), are wholly owned. All inter-company balances and transactions have been eliminated on consolidation.

Cash and short-term deposits
The Company's short-term investments with original maturities of three months or less are considered to be cash equivalents and are recorded at cost, which approximates fair market value.

Inventory
Inventory is carried at the lower of cost, determined under the first-in, first-out method, and net realizable value.

Property and equipment
Property and equipment are stated at cost less accumulated depreciation. Major betterments are capitalized. Repairs and maintenance expenditures which do not extend the useful life of the property and equipment are expensed.

Depreciation is calculated using the straight-line method over the estimated useful life of the asset as follows:

Buildings and improvements	20 years
Equipment	3 to 10 years
Furniture and fixtures	2 to 10 years

Management bases the estimate of the useful life and salvage value of property and equipment on expected utilization, technological change and effectiveness of maintenance programs. Although management believes the estimated useful lives of the Company's property and equipment are reasonable, it is possible that changes in estimates could occur which may affect the expected useful lives and salvage values of the property and equipment.

Impairment of Long-Lived Assets
Long-lived assets include property and equipment and intangible assets. Property and equipment is tested for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. Intangible assets are tested for impairment annually, or more frequently as circumstances require. An impairment loss is recognized when the carrying amount of the assets exceeds the sum of the undiscounted cash flows expected to result from its use and eventual disposition. Estimates of undiscounted future net cash flows are calculated using estimated future job count, sales prices, operating expenditures and other costs. These estimates are subject to risk and uncertainties, and it is possible that changes in estimates could occur which may impact the expected recoverability of the Company's assets.

To test for and measure impairment, assets are grouped at the lowest level for which identifiable cash flows are largely independent. The four lowest asset groupings for which identifiable cash flows are largely independent are Canadian Operations, Russian Operations, U.S. Operations and the Corporate division.

Goodwill
Goodwill represents the excess of purchase price for business acquisitions over the fair value of the acquired net assets. Goodwill is allocated as of the date of the business combination to the Company's reporting units that are expected to benefit from the synergies of the business combination. Goodwill is not amortized, but is tested for impairment at least annually.
The impairment test is carried out in two steps. In the first step, the carrying amount of the reporting unit is compared with its fair value. When the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not to be impaired and performance of the second step of the impairment test

is unnecessary. The second step compares the implied fair value of the reporting unit's goodwill with its carrying amount to measure the amount of the impairment loss, if any.

Intangible Assets
Non-compete agreements relate to the Company's acquisitions and are recorded at estimated cost and amortized on a straight line basis over 8 years.

Customer relationships relate to the Company's acquisitions and are recorded at estimated cost and amortized on a straight line basis over 5 years.

The "CBM Process" relates to an acquisition by the Company and is recorded at estimated cost and amortized on a straight line basis over 10 years.

Revenue recognition
The Company's revenue comprises services and other revenue and is generally sold based on fixed or determinable priced purchase orders or contracts with the customer. Service and other revenue is recognized when the services are provided and collectability is reasonably assured. Customer contract terms do not include provisions for significant post-service delivery obligations.

Income taxes
The Company follows the asset and liability method of accounting for income taxes. Under this method, the Company records future income taxes for the effect of any difference between the accounting and income tax basis of an asset or liability, using the substantively enacted tax rates. The computation of the provision for income taxes involves tax interpretations, regulations and legislation that are continually changing. There are tax matters that have not yet been confirmed by taxation authorities; however, management believes the provision for income taxes is reasonable.

Foreign currency translation
For foreign entities whose functional currency is the Canadian dollar, the Company translates monetary assets and liabilities at year-end exchange rates, and non-monetary items are translated at historical rates. Income and expense accounts are translated at the average rates in effect during the year. Gains or losses from changes in exchange rates are recognized in consolidated income in the year of occurrence.

For foreign entities whose functional currency is not the Canadian dollar, the Company translates assets and liabilities at year-end rates and income and expense accounts at average exchange rates. Adjustments resulting from these translations are reflected in the consolidated statements of other comprehensive income as unrealized gains or losses on translating financial statements of self-sustaining foreign operations.

Transactions of Canadian entities in foreign currencies are translated at rates in effect at the time of the transaction. Foreign currency monetary assets and liabilities are translated at current rates. Gains or losses from changes in exchange rates are recognized in consolidated income in the year of occurrence. Advances made to foreign subsidiaries for which settlement is not planned or anticipated in the foreseeable future are considered part of the net investment in the foreign subsidiary. Accordingly, gains and losses from these advances are reported in the consolidated statements of other comprehensive income as unrealized gains or losses on translating financial statements of self-sustaining foreign operations.

Stock-based compensation plans
The Company has a stock option plan which is described in note 16. The Company accounts for stock options using the Black-Scholes option pricing model, whereby the fair value of stock options are determined on their grant date and recorded as compensation expense over the period that the stock options vest, with a corresponding increase to contributed surplus. When stock options are exercised, the proceeds together with the amount recorded in contributed surplus are recorded in share capital.

The Company has a deferred share unit plan which is described in note 16. The Company accrues a liability equal to the closing price of the Company's common shares on the balance sheet date for each unit issued under the plan.

Earnings per share
Basic earnings per share is calculated using the weighted average number of common shares outstanding during the period. Under the treasury stock method, diluted earnings per share is calculated based on the weighted average number of shares issued and outstanding during the year, adjusted by the total of the additional common shares that would have been issued assuming exercise of all stock options with exercise prices at or below the average market price for the year, offset by the reduction in common shares that would be purchased with the exercise proceeds.

Comparative figures
Comparative figures have been restated to conform to current year's presentation.

NOTE 4 – ACCOUNTING STANDARDS PENDING ADOPTION

International Financial Reporting Standards (IFRS)
In February 2008, the Canadian Accounting Standards Board confirmed that effective January 1, 2011, all publicly accountable enterprises will be required to report under IFRS as issued by the International Accounting Standards Board (IASB). On January 1, 2011, these standards will apply to the Company. As a result of this announcement, the Company has started an IFRS conversion project and is evaluating the impact of the initial application of these standards on the consolidated financial statements.

NOTE 5 – ACQUISITIONS

A. In March 2007, the Company acquired 93.2% of Liberty Pressure Pumping LP's (Liberty) assets, a provider of pressure pumping services in Texas. Headquartered in Denton Texas, Liberty provides stimulation services used in the development and completion of oil and gas wells. On the date of purchase, Liberty management retained a 6.8% interest. The acquisition of Liberty was recorded using the purchase method with results of operations of Liberty included in the consolidated financial statements as of March 9, 2007.

The purchase price equation was as follows:

Cost of Acquisition (Stated in thousands):	
Cash	$233,908
Common shares issued out of treasury	82,973[(a)]
Transaction costs	3,854
	$320,735

Allocated (Stated in thousands):	
Goodwill	$161,024[(b)]
Property and equipment	100,488
Other intangibles	34,604
Accounts receivable	30,186
Cash	7,186
Prepaid expenses, inventory and other	4,809
Accounts payable and accrued liabilities	(8,435)
Non-controlling interest	(9,127)
	$320,735

[(a)] 4,008,864 shares at a price of $20.70 per share which was based on the weighted average share price for the two days preceding and two days following the announcement date of February 2, 2007.
[(b)] Goodwill has been attributed to the U.S. Operations reporting segment and is considered to be deductible for tax purposes.

During the second quarter of 2008, the Company, through a wholly owned U.S. subsidiary, increased its ownership interest in Liberty by 1.8% to 95.0%. The Company paid $5.9 million for this acquisition, increasing goodwill by $3.4 million and reducing non-controlling interest by $2.5 million.

During the third quarter of 2008, the Company, through a wholly owned U.S. subsidiary, acquired the remaining 5% ownership interest in Liberty. The Company paid $13.2 million for this acquisition, increasing goodwill by $7.2 million and reducing non-controlling interest by $6.0 million.

B. In March 2007, the Company acquired all of the shares of CBM Solutions Ltd. (CBM Solutions) and increased its ownership interest in R-Can Services Limited (R-Can) by 1.2% to 98.2%.

- Headquartered in Calgary Alberta, CBM Solutions specializes in the provision of geological and engineering services for unconventional gas wells, including gas content analysis, reservoir characterization and consulting services for coalbed methane and shale gas wells. The acquisition of CBM Solutions in March 2007 was recorded using the purchase method with results of operations of CBM Solutions included in the consolidated financial statements from the effective date of acquisition. In addition to the amounts disclosed below, contingent consideration may be paid for each calendar year ended 2009, 2010, and 2011 based upon financial results for that year.
- Pursuant to an agreement entered into in June 2004 with the remaining shareholder of R-Can, the Company increased its ownership percentage to 98.2% through the purchase of 1,208 common shares.

These transactions were recorded using the purchase method and the purchase price equation of the aforementioned transactions is as follows:

Cost of Acquisition (Stated in thousands):		
Cash and transaction costs	$	25,503
Deferred consideration		6,438[(a)]
	$	31,941

Allocated (Stated in thousands):		
Goodwill	$	19,998[(b)]
Other intangibles		15,400
Equipment		242
Future income tax liability		(4,273)
Non-controlling interest		574
	$	31,941

[(a)] See Note 12
[(b)] $15.1 of goodwill has been attributed to the Canadian Operations reporting segment with the remaining $4.9 million attributed to Russian Operations and is not considered deductible for tax purposes.

During the first quarter of 2008 and pursuant to an agreement amended in March 2007, the Company increased its ownership interest in R-Can by 0.6% to 98.8%. The Company paid $3.4 million for this acquisition, increasing goodwill by $3.0 million and reducing non-controlling interest by $0.4 million.

NOTE 6 – INVENTORY

(Stated in thousands)	2008	2007
Product inventory		
Chemicals and consumables	**$55,698**	$44,709
Coiled tubing	**14,464**	11,882
Parts	**37,669**	36,618
	$107,831	$93,209

The total amount of inventories recognized as an expense during the year was $373.6 million (2007 – $307.0 million).

NOTE 7 – PROPERTY AND EQUIPMENT

(stated in thousands)	2008	2007
Property and Equipment:		
Land	**$16,728**	$15,593
Buildings and improvements	**51,888**	48,109
Equipment	**789,307**	639,937
Furniture and fixtures	**23,357**	20,684
	881,280	724,323
Accumulated Depreciation:		
Buildings and improvements	**9,345**	6,098
Equipment	**226,393**	152,677
Furniture and fixtures	**13,501**	10,444
	249,239	169,219
	$632,041	$555,104

NOTE 8 – INTANGIBLE ASSETS

(Stated in thousands)	2008	2007
Non-compete agreements (accumulated amortization 2008 - $6,080, 2007 - $2,235)	**$21,709**	$20,616
Customer relationships (accumulated amortization 2008 - $5,288, 2007 - $2,025)	**9,821**	11,074
CBM Process (accumulated amortization 2008 - $1,486, 2007 - $637)	**7,013**	7,862
License (accumulated amortization 2008 - $nil, 2007 - $1,247)	**-**	1,107
	$38,543	$40,659

During the year ended December 31, 2008, the Company wrote off the net book value of the license, which was reported under the Canadian operating division. This write-off was based on assessment made by management, which took into account the historical and future revenue streams generated from the license. The amount of the write-off was $0.9 million and has been included in other income in the consolidated statements of operations.

NOTE 9 - OTHER ASSETS

Included in other assets is a US$24.1 million secured, interest bearing first mortgage real estate loan to an unrelated third party located in the US (2007 – U.S.$8.8 million). During the year ended December 31, 2008, an impairment provision of US$15.1 million was recorded against the loan and the carrying value was reduced to U.S.$9.0 million. The conditions that led to this impairment were weakened industry activity largely attributable to low North American natural gas prices, excess equipment capacity in the U.S. and a

weakening U.S. economy. These changes in economic conditions indicated that there had been deterioration in the credit quality of the unrelated third party and the fair value of the loan security.

NOTE 10 – GOODWILL

(Stated in thousands)	2008	2007
Balance at the beginning of the year	$ 167,417	$ 13,983
Acquisition of Liberty	10,613	161,024
Acquisition of CBM Solutions	301	15,119
Acquisition of R-Can	2,988	4,879
Impact of foreign currency rate changes on goodwill	34,008	(27,588)
Goodwill impairment	(179,771)	-
Balance at the end of the year	$ 35,556	$ 167,417

See note 5 for additional information on the acquisitions made during 2007 and 2008.

As at December 31, 2008, the Company recorded a goodwill impairment of $179.8 million relating to the acquisition of Liberty. The conditions that precipitated the goodwill impairment were weakened industry activity largely attributable to low North American natural gas prices, excess equipment capacity in the U.S. and a weakening U.S. economy. The weak industry activity environment is expected to continue at least into the near term and has resulted in a deterioration of the expected near term results within the U.S. operating division. The culmination of these conditions has decreased the market value of the Company's U.S operations and as a result, management determined that a goodwill impairment existed at December 31, 2008.

NOTE 11 – BANK LOANS

On November 17, 2008, Trican's U.S. subsidiary entered into a U.S.$30 million demand revolving facility with a large international bank. This facility is unsecured, bears interest at Bank Prime plus 0.25% or LIBOR plus 1.50%, has been guaranteed by the Company and is subject to financial and non-financial covenants that are typical of this type of arrangement. At December 31, 2008, this facility was fully drawn.

On November 20, 2008, Trican's Russian subsidiary entered into a U.S.$20 million demand revolving facility with a large international bank. This facility is unsecured, bears interest at LIBOR plus a premium, as determined by the bank, plus 2.75% and has been guaranteed by the Company. At December 31, 2008, this facility was fully drawn.

On December 17, 2008, the Company's $30 million (or U.S. dollar equivalent) demand revolving facility with a Canadian chartered bank was increased to $35 million and bears interest at Bank Prime plus 0.5% to 1.25% or at LIBOR plus 1.5% to 2.25%, dependent on certain financial ratios maintained by the Company. The facility is unsecured and is subject to financial and non-financial covenants that are typical of this type of arrangement. At December 31, 2008, nil was drawn on this facility (2007 – $15.6 million).

NOTE 12 – DEFFERED CONSIDERATION

(Stated in thousands)	2008	2007
Cash	$ 2,333	$ 3,500
Common Shares	811	2,938
	$ 3,144	$ 6,438
Amount classified as current	$ 1,572	$ 2,146

Deferred consideration on the CBM Solutions acquisition (note 5) consisted of $3.5 million in cash and 152,772 common shares of the Company due on the first, second and third anniversary of the closing date, which was in March 2007. During 2008, $1.2 million of cash was paid and 50,852 shares were issued as part of the deferred consideration.

NOTE 13 – LONG-TERM DEBT

(Stated in thousands)	2008	2007
Notes payable	$122,460	$98,810
Equipment and acquisition loan	120,000	90,000
	$242,460	$188,810

Notes Payable
On June 21, 2007, the Company entered into an agreement with institutional investors in the U.S. providing for the issuance, by way of private placement of U.S. $100 million of Senior Unsecured Notes (the "Notes") in two tranches:

- U.S. $25 Million Series A Senior Notes maturing June 22, 2012, bearing interest at a fixed rate of 6.02% payable semi-annually on June 22 and December 22; and
- U.S. $75 Million Series B Senior Notes maturing June 22, 2014, bearing interest at a fixed rate of 6.10% payable semi-annually on June 22 and December 22.

Proceeds from the Notes were used to fully repay the U.S. $90 million Bridge Credit Facility entered into on March 6, 2007 to finance the acquisition of Liberty, with the remainder utilized for general corporate purposes. The Notes require the Company to maintain certain financial and non-financial covenants that are typical for this type of arrangement.

Equipment and Acquisition Loan
On March 9, 2007, the Company entered into a $70 million (or U.S. dollar equivalent) three year extendible revolving acquisition and capital expenditure Term Credit Facility (the "facility") with a Canadian chartered bank. On September 13, 2007, the facility was syndicated with one Canadian chartered bank and one large international bank and expanded from $70 million to $120 million (or U.S. dollar equivalent). On February 5, 2008, the term of the facility was extended to March 6, 2011. The facility is reviewed annually by the lender, should it not be extended, repayment will be made at the end of the term. On February 15, 2008, the Company expanded the facility to $220 million (or U.S. dollar equivalent) until December 1, 2008, at which time the facility was reduced to $120 million.

The facility is unsecured and bears interest at the bank's prime rate, U.S. base rate, Bankers' Acceptance rate or at LIBOR plus 0 to 125 basis points, dependent on certain financial ratios of the Company. The facility is subject to financial and non-financial covenants that are typical for this type of arrangement.

NOTE 14 - SHARE CAPITAL

Authorized:

The Company is authorized to issue an unlimited number of common shares and preferred shares, issuable in series.

Issued and Outstanding - Common Shares:		
(stated in thousands, except share amounts)	Number of Shares	Amount
Balance, December 31, 2006	115,197,674	$84,661
Exercise of stock options	3,243,844	20,938
Reclassification from contributed surplus on exercise of options		7,694
Issuance on the acquisition of Liberty, net of share issuance costs	4,008,864	82,872
Balance, December 31, 2007	122,450,382	196,165
Exercise of stock options	**3,061,533**	**34,778**
Reclassification from contributed surplus on exercise of options		**14,360**
Issuance out of treasury, net of share issuance costs	**50,852**	**1,054**
Balance, December 31, 2008	**125,562,767**	**$246,357**

NOTE 15 – PER SHARE AMOUNTS

(Stated in thousands, except share and per share amounts)

Basic (Loss)/Earnings Per Share	**2008**	2007
Net (loss)/income available to common shareholders	**$(70,398)**	$111,817
Weighted average number of common shares	**124,725,937**	120,724,035
Basic (loss)/earnings per share	**$(0.56)**	$0.93

Diluted (Loss)/Earnings Per Share	**2008**	2007
Net (loss)/income available to common shareholders	**$(70,398)**	$111,817
Weighted average number of common shares	**124,725,937**	120,724,035
Diluted effect of stock options	**-**	2,769,440
Diluted weighted average number of common shares	**124,725,937**	123,493,475
Diluted (loss)/earnings per share	**$(0.56)**	$0.91

Excluded from the calculation of diluted earnings per share were weighted average options outstanding of 5,678,875 (2007 – 2,844,183) as the options' exercise price was greater than the average market price of the common shares for the year. Also, as a result of the net loss recorded in 2008, all dilutive options are considered to be anti-dilutive and have been excluded from the calculation of the diluted earnings per share for 2008.

NOTE 16 – STOCK-BASED COMPENSATION

The Company has two stock-based compensation plans which are described below.

Incentive stock option plan:
Options may be granted at the discretion of the Board of Directors and all officers and employees of the Company are eligible for participation in the Plan. The option price equals the weighted average closing price of the Company's shares on the Toronto Stock Exchange for the five trading days preceding the date of grant. Options granted prior to 2004 vest equally over a period of four years commencing on the first anniversary of the date of grant, and expire on the fifth or tenth anniversary of the date of grant.

In 2004, the Company prospectively revised the stock option plan so that one-third of new options issued vest on each of the first and second anniversary dates, and the remaining third vest ten months subsequent to the second anniversary date. These options expire on the third anniversary from the date of grant. The compensation expense that has been recognized in net income for the year is $12.3 million (2007 - $12.7 million). The weighted average grant date fair value of options granted during 2008 has been estimated at $4.91 per option (2007 - $5.23) using the Black-Scholes option pricing model. The Company has applied the following assumptions in determining the fair value of options on the date of grant:

	2008	2007
Vesting period (years)	**2.8**	2.8
Expiration period (years)	**3.0**	3.0
Expected life (years)	**2.6**	2.4
Volatility	**44%**	36%
Risk-free interest rate	**3.3%**	4.4%
Expected dividend	**$0.10**	$0.10

The Company has reserved 12,556,277 common shares as at December 31, 2008 (December 31, 2007 – 12,245,038) for issuance under a stock option plan for officers and employees. The maximum number of options permitted to be outstanding at any point in time is limited to 10% of the Common Shares then outstanding. As of December 31, 2008, 9,303,132 options (December 31, 2007– 9,863,531) were outstanding at prices ranging from $1.13 - $30.01 per share with expiry dates ranging from 2009 to 2012.

The following table provides a summary of the status of the Company's stock option plan and changes during the years ending December 31:

	2008		2007	
	Options	**Weighted Average Exercise Price**	Options	Weighted Average Exercise Price
Outstanding at the beginning of year	**9,863,531**	**$16.21**	10,963,944	$12.50
Granted	**3,033,265**	**16.62**	2,386,033	20.34
Exercised	**(3,061,533)**	**11.39**	(3,243,844)	6.45
Forfeited	**(432,698)**	**20.61**	(242,602)	19.61
Expired	**(99,433)**	**21.40**	-	-
Outstanding at the end of year	**9,303,132**	**17.67**	9,863,531	16.21
Exercisable at end of year	**3,973,740**	**$16.14**	4,579,361	$10.92

The following table summarizes information about stock options outstanding at December 31, 2008:

			Options Outstanding			**Options Exercisable**	
Range Exercise Prices			**Number Outstanding**	**Weighted Average Remaining Life**	**Weighted Average Exercise Price**	Number Exercisable	Weighted Average Exercisable Price
$1.13	to	$2.92	1,257,610	2.6	$2.40	1,257,610	$2.40
$3.04	to	$9.60	209,515	2.7	6.53	86,100	3.04
$10.63	to	$16.74	2,437,350	2.7	16.22	-	0.00
$17.58	to	$19.78	1,762,101	1.8	19.57	605,978	19.56
$20.46	to	$30.01	3,636,556	0.8	23.64	2,024,052	24.21
$1.13	to	$30.01	9,303,132	1.8	$17.67	3,973,740	$16.14

Deferred share unit plan:
In 2004, the Company implemented a deferred share unit ("DSU") plan for outside directors. Under the terms of the plan, DSU's awarded will vest immediately and will be settled with cash in the amount equal to the closing price of the Company's common shares on the date the director specifies upon tendering their resignation from the Board, which in any event must be after the date on which the notice of redemption is filed with the Company and within the period from the Director's termination date to December 15 of the first calendar year commencing after the Director's termination date. The Company has recorded a $0.8 million recovery (2007 - $0.2 million recovery) in the year relating to DSU's and there are 115,343 DSU's outstanding at year end (2007 - 132,900). The DSU liability at December 31, 2008 is $0.9 million (2007 - $2.6 million) and has been included in accounts payable and accrued liabilities.

NOTE 17 - INCOME TAXES

(Stated in thousands)		**2008**		2007
Provision for current income taxes	**$**	**24,369**	$	66,985
Provision for future income taxes		**(68,636)**		(35,802)
	$	**(44,267)**	$	31,183

The geographic income before income taxes and non-controlling interest for the years ended December 31, are as follows:

		2008		2007
Canada	**$**	**58,633**	$	61,252
Foreign		**(173,274)**		84,404
	$	**(114,641)**	$	145,656

The net income tax provision differs from that expected by applying the combined federal and provincial income tax rate of 29.75% (2007 – 32.45%) to income before income taxes for the following reasons:

		2008		2007
Expected combined federal and provincial income tax	**$**	**(34,106)**	$	47,265
Statutory and other rate differences		**(19,732)**		6,233
Non-deductible expenses		**8,379**		(8,624)
Translation of foreign subsidiaries		**1,386**		(8,854)
Future income tax rate reduction		**(289)**		(5,322)
Capital and other foreign tax		**722**		765
Other		**(627)**		(280)
	$	**(44,267)**	$	31,183

The components of the future income tax asset and liability as at December 31 are as follows:

		2008	2007
Future income tax assets:			
Goodwill	$	**58,968**	-
Non-capital loss carry forwards		**24,367**	-
Capital loss carry forwards		**1,907**	-
Property, equipment and other assets		**658**	-
Deferred share units		**238**	662
Other		**68**	408
		86,206	1,070
Future income tax liabilities:			
Property, equipment and other assets		**45,838**	35,246
Partnership income		**33,055**	26,404
Intangible assets		**3,143**	3,770
Goodwill		**-**	2,111
		82,036	67,531

The non-capital loss carry forwards consist of $65.8 million (2007 – nil) of losses available for carry forward to reduce taxable income in future years. These losses expire between 2022 and 2028.

Accumulated other comprehensive income has been presented net of $1.4 million (2007 – nil) in future income tax recoveries.

NOTE 18 - FINANCIAL INSTRUMENTS

Fair values of financial assets and liabilities

The fair values of cash and short-term deposits, accounts receivable, accounts payable and accrued liabilities included in the consolidated balance sheets, approximates their carrying amount due to the short-term maturity of these instruments. Long-term debt, including the current portion, has a fair value of approximately $216.4 million as at December 31, 2008 (December 31, 2007 - $187.7 million). The bank loans approximate their carrying amount due to the variable interest rates applied to these loans. The fair value of the loan to an unrelated third party included in other assets approximates carrying value based on an assessment made by management (see note 9).

Market risk

Market risk, the risk that the fair value or future cash flows of financial assets or liabilities will fluctuate due to movements in market rates, is comprised of the following:

Interest rate risk

The Company partially mitigates its exposure to interest rate changes by maintaining a mix of both fixed and floating rate debt.

An increase or decrease in interest expense for each one percent change in interest rates on floating rate debt would have amounted to $1.6 million for the year ended December 31, 2008.

Foreign exchange rate risk

As the Company operates primarily in North America and Russia, fluctuations in the exchange rate between the U.S. dollar/Canadian dollar and Russian ruble/Canadian dollar can have a significant effect on the operating results and the fair value or future cash flows of the Company's financial assets and liabilities.

Canadian entities are exposed to currency risk on foreign currency denominated financial assets and liabilities with adjustments recognized as foreign exchange gains and/or losses in the consolidated statement of operations.

Foreign entities with a domestic functional currency expose the Company to currency risk on the translation of these entities' financial assets and liabilities to Canadian dollars for consolidation. For instance, our operations in Russia have a ruble functional currency, and adjustments arising when translating this foreign entity into Canadian dollars are reflected in the consolidated statements of other comprehensive income as unrealized gains or losses on translating financial statements of self-sustaining foreign operations.

Foreign entities are exposed to currency risk on financial assets and liabilities denominated in currencies other than their functional currency with adjustments recognized in the consolidated statement of operations. For instance, our operation in Russia whose functional currency is the ruble will incur foreign exchange gains and/or losses on financial assets and liabilities denominated in currencies other than the ruble.

As at and for the year ending December 31, 2008, the Company does not have an active hedging program. The Company manages risk to foreign currency exposure by monitoring financial assets and liabilities denominated in foreign currency and foreign currency rates on an on-going basis. Exposures to the U.S Dollar and Russian ruble are mitigated by on-going operations within foreign entities as assets, liabilities, revenue and expenses are denominated primarily in local currencies. The Company also mitigates exposure to fluctuations in the U.S. Dollar by maintaining a mix of both Canadian and U.S. dollar debt.

For the year ended December 31, 2008, fluctuations in the value of foreign currencies would have had the following impact on net income and other comprehensive income:

(stated in thousands of dollars)	Impact to Net Income	Impact to Other Comprehensive Income
1% increase in the value of the U.S. dollar	(434)	3,516
1% decrease in the value of the U.S. dollar	434	(3,516)
1% increase in the value of the Russian ruble	1,349	889
1% decrease in the value of the Russian ruble	(1,349)	(889)

Credit risk

Credit risk refers to the possibility that a customer or counterparty will fail to fulfill its obligations and as a result, create a financial loss for the Company.

Customer

The Company's accounts receivables are predominantly with customers who explore for and develop natural gas and petroleum reserves and are subject to normal industry credit risks that include fluctuations in oil and natural gas prices and the ability to secure adequate debt or equity financing. The Company assesses the credit worthiness of its customers on an ongoing basis as well as monitoring the amount and age of balances outstanding. Accordingly, the Company views the credit risks on these amounts as normal for the industry. The carrying amount of accounts receivable represents the maximum credit exposure on this balance.

Payment terms with customers vary by region and contract; however, standard payment terms are 30 days from invoice date. Historically, industry practice allows for payment up to 70 days from invoice date. The Company considers its accounts receivable at December 31, 2008 excluding doubtful accounts to be aged as follows:

(Stated in thousands)	December 31, 2008
Current (0 - 30 days from invoice date)	$123,462
1 - 30 days past due	77,144
31 - 60 days past due	23,285
Greater than 60 days past due	12,181
Total	**$236,072**
Provision for doubtful accounts	**4,436**

The Company's allowance for doubtful accounts increased $2.8 million compared to December 31, 2007. The Company's objectives, processes and policies for managing credit risk have not changed from the previous year.

Counterparties

Counterparties to financial instruments expose the Company to credit losses in the event of non-performance. Counterparties to cash transactions are limited to high credit quality financial institutions. The Company does not anticipate non-performance that would materially impact the Company's financial statements.

Liquidity risk

Liquidity risk is the risk the Company will encounter difficulties in meeting its financial liability obligations. The Company manages its liquidity risk through cash and debt management, which includes monitoring forecasts of the Company's cash and cash equivalents and borrowing facilities on the basis of projected cash flow. This is generally carried out at the geographic region level in accordance with practices and policies established by the Company.

In managing liquidity risk, the Company has access to a wide range of funding at competitive rates through capital markets and banks. As at December 31, 2008, the Company had available unused committed bank credit facilities in the amount of $35.0 million plus cash, accounts receivable, and income tax recoverable of $56.3 million, $231.6 million and $12.6 million, respectively, for a total of $335.5 million available to fund the cash outflows relating to its financial liabilities. The Company believes it has sufficient funding through the use of these sources to meet foreseeable borrowing requirements.

The timing of cash outflows relating to financial liabilities are outlined in the table below:

(Stated in thousands)	Less than 1 year	1 to less than 3 years	3 to less than 5 years	Greater than 5 years	Total
Bank loans	$61,230	$-	$-	$-	**$61,230**
Accounts payable	117,450	-	-	-	**117,450**
Deferred consideration	1,572	1,572	-	-	**3,144**
Dividend payable	6,278	-	-	-	**6,278**
Long-term debt	-	120,000	30,615	91,845	**242,460**
	$186,530	$121,572	$30,615	$91,845	**$430,562**

NOTE 19 – CAPITAL MANAGEMENT

The Company's strategy is to carry a capital base to maintain investor, creditor and market confidence and to sustain future development of the business. The Company seeks to maintain a balance between the level of long-term debt and shareholders' equity to ensure access to capital markets to fund growth and working capital given the cyclical nature of the oilfield services sector. On an historical basis, the Company maintained a conservative ratio of long-term debt to total capitalization. The Company may occasionally need to increase these levels to facilitate acquisition or expansionary activities.

As at December 31, 2008 and December 31, 2007 these ratios were as follows:

(Stated in thousands, except ratios)	December 31, 2008	December 31, 2007
Long-term debt	**$242,460**	$188,810
Shareholders' equity	**719,541**	683,669
Total capitalization	**$962,001**	$872,479
Long-term debt to Total capitalization	**0.25**	**0.22**

The Company is subject to various financial covenants associated with existing debt facilities. These covenants are monitored on a regular basis and controls are in place to maintain compliance with these covenants. The Company complied with all financial covenants for the year ended December 31, 2008.

NOTE 20 – CONTRACTUAL OBLIGATIONS

The Company has commitments for operating lease agreements, primarily for vehicles and office space, in the aggregate amount of $20.8 million. Payments over the next five years are as follows:

(Stated in thousands)	Payments due by period				
	2009	**2010**	**2011**	**2012**	**2013**
Operating leases	5,862	4,817	4,180	3,180	2,733

As at December 31, 2008, the Company has commitments totaling approximately $12.4 million (2007 - $32.8 million) relating to the construction of fixed assets in 2009.

NOTE 21 – SEGMENTED INFORMATION

The Company operates in three main geographic regions: Canada, Russia (which includes Kazakhstan and Algeria), and the U.S. Each geographic region has a General Manager that is responsible for the operation and strategy of their region's business. Personnel working within the particular geographical region report to the General Manager; the General Manager reports to the corporate executive. The change in internal organization was complete for January 1, 2008. The corresponding information for prior period has been restated to reflect this change.

The Company provides a comprehensive array of specialized products, equipment, services and technology to customers through three operating divisions:

- Canadian Operations provides cementing, fracturing, coiled tubing, nitrogen, geological, and acidizing services, which are performed on new and existing oil and gas wells, and industrial services.
- Russian Operations provides cementing, fracturing, deep coiled tubing, and nitrogen services which are performed on new and existing oil and gas wells.
- U.S. Operations provides fracturing, cementing, and nitrogen services which are performed on new and existing oil and gas wells.

Corporate Division expenses consist of salary expenses, stock-based compensation and office costs related to corporate employees, as well as public company costs.

(Stated in thousands)	Canadian Operations	Russian Operations	United States Operations	Corporate	Total
Year ended December 31, 2008					
Revenue	**$554,554**	**$295,703**	**$165,826**	**$-**	**$1,016,083**
Operating income (loss)	**127,234**	**46,038**	**28,379**	**(19,859)**	**181,792**
Interest expense	**-**	**-**	**-**	**13,782**	**13,782**
Depreciation and amortization	**40,713**	**26,495**	**26,048**	**138**	**93,394**
Assets	**490,659**	**279,907**	**395,071**	**67,303**	**1,232,940**
Goodwill	**22,436**	**13,120**	**-**	**-**	**35,556**
Property and equipment	**306,761**	**123,957**	**201,202**	**121**	**632,041**
Capital expenditures	**48,365**	**29,544**	**46,304**	**170**	**124,383**
Goodwill expenditures	**301**	**2,988**	**10,613**	**-**	**13,902**
Year ended December 31, 2007					
Revenue	$474,111	$256,628	$105,634	$-	$836,373
Operating income (loss)	115,737	51,517	41,390	(13,553)	195,091
Interest expense	-	-	-	8,596	8,596
Depreciation and amortization	36,561	13,408	12,738	-	62,707
Assets	470,199	230,364	316,350	32,151	1,049,064
Goodwill	22,135	10,132	135,150	-	167,417
Property and equipment	313,262	117,627	124,215	-	555,104
Capital expenditures	37,197	72,711	50,270	-	160,178
Goodwill expenditures	15,119	4,879	161,024	-	181,022

The Corporate division incurred an operating loss of $19.9 million (2007 – $13.6 million) of which 96% (2007 – 92%) was incurred in Canada as this is where corporate head office is located.

Revenue from one external customer for the year ended December 31, 2008 amounts to greater than 10% of the Company's total revenue. This customer's revenue is exclusively within Russia and totals $157.8 million (2007 - $164.6 million). For the year ended December 31, 2007, revenue from a second customer was greater than 10% of the Company's total revenue. This customer's revenue was earned in Canada and the U.S. and totaled $85.5 million; revenue from this customer was less than 10% of the Company's total revenue in 2008.

NOTE 22 – CONTINGENCIES

The Company, through the performance of its services, is sometimes named as a defendant in litigation. The nature of these claims is usually related to personal injury or completed operations. The Company maintains a level of insurance coverage deemed appropriate by management and for matters for which insurance coverage can be maintained. Management of the Company believes there are no outstanding claims having a potentially material adverse effect on the Company.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Kenneth M. Bagan (1) (2)
President and Chief Executive Officer
Enerchem International Inc.
Gary R. Bugeaud (2)
Partner, Burnet, Duckworth & Palmer LLP
Murray L. Cobbe
President and Chief Executive Officer
Donald R. Luft
Senior Vice President, Operations and
Chief Operating Officer
Kevin L. Nugent (1)
President Livingstone Energy Management Ltd.
Douglas F. Robinson (1) (2)
Independent Businessman

OFFICERS

Murray L. Cobbe
President and Chief Executive Officer
Donald R. Luft
Senior Vice President, Operations and
Chief Operating Officer
Dale M. Dusterhoft
Senior Vice President
Michael G. Kelly, C.A.
Senior Vice President, Corporate Development
David L. Charlton
Vice President, Sales and Marketing
Bonita M. Croft
Vice President, Legal General Counsel and
Corporate Secretary
Michael A. Baldwin
Vice President, Finance and
Chief Financial Officer
Steve J. Redmond
Vice President, H.R./H.S. & E.
Rob J. Cox
Vice President, Canadian Geographic Region.
Jeromie J. Kufflick, C.A.
Corporate Controller

(1) Member of the Audit Committee
(2) Member of the Compensation and
Corporate Governance Committee

CORPORATE OFFICE

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AUDITORS

KPMG LLP, Chartered Accountants
Calgary, Alberta

SOLICITORS

Burnet, Duckworth & Palmer LLP
Calgary, Alberta

BANKERS

Royal Bank of Canada
Calgary, Alberta

HSBC Bank Canada
Calgary, AB

REGISTRAR AND TRANSFER AGENT

Computershare Trust Company of Canada
Calgary, Alberta

STOCK EXCHANGE LISTING

The Toronto Stock Exchange
Trading Symbol: TCW

INVESTOR RELATIONS INFORMATION

Requests for information should be directed to:

Murray L. Cobbe
President and Chief Executive Officer
Michael G. Kelly, C.A.
Senior Vice President, Corporate Development
Michael A. Baldwin, C.A.
Vice President, Finance and
Chief Financial Officer